COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates Supplementary Hearings)

WEDNESDAY, 5 NOVEMBER 2003

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Wednesday, 5 November 2003

Members: Senator Humphries *(Chair)*, Senator Greig *(Deputy Chair)*, Senators Denman, Heffernan, Hutchins and Tchen

Senators in attendance: Senator Humphries *(Chair)*, Senators Allison, Cherry, Crossin, Denman, Eggleston, Forshaw, Harradine, Heffernan, Lees, McLucas, Moore, Murphy, Tchen and Wong

Committee met at 9.04 a.m.

HEALTH AND AGEING PORTFOLIO

In Attendance

Senator Ian Campbell, Minister for Local Government, Territories and Roads

Department of Health and Ageing
Executive
Ms Jane Halton, Secretary
Mr Philip Davies, Deputy Secretary
Ms Mary Murnane, Deputy Secretary
Professor John Horvath, Chief Medical Officer
Business Group
Mr Alan Law, Chief Operating Officer
Mr Stephen Sheehan, Chief Financial Officer
Ms Wynne Hannon, Head Legal Services
Ms Eija Seittenranta, Assistant Secretary, Technology Group
Portfolio Strategies Division
Mr David Webster, First Assistant Secretary, Portfolio Strategies Division
Mr Jamie Clout, Assistant Secretary, Budget Branch
Mr Nhan Vo-Van, Assistant Secretary, Parliamentary and Portfolio Agencies
Ms Shirley Browne, Director, Parliamentary and CSSS Section
Ms Carolyn Smith, A/g Assistant Secretary, Aust-US Free Trade Agreement Health Liaison
Audit & Fraud Control
Mr Bryan Rae, A/g Assistant Secretary, Audit and Fraud Control
Information and Communications Division
Dr Robert Wooding, First Assistant Secretary
Ms Laurie Van Veen, Director, Social Marketing Unit, Communications Branch
Ms Tania Utkin, Acting Assistant Secretary, Health Information Policy Branch
Outcome 1—Population Health and Safety
Population Health Division
Mr Ross O'Donoughue, First Assistant Secretary, Population Health Division
Professor John Mathews, Medical and Scientific Director & Deputy Chief Medical Officer

Ms Marion Dunlop, Assistant Secretary, Strategic Planning Branch
Ms Jenny Hefford, Assistant Secretary, Drug Strategy Branch
Ms Lesley Podesta, Assistant Secretary, Communicable Diseases Branch
Ms Sarah Major, Assistant Secretary, Food & Environmental Health Branch

Therapeutic Goods Administration

Mr Terry Slater, National Manager
Dr John McEwen, Principal Medical Adviser
Dr Leonie Hunt, Director, Drug Safety and Evaluation Branch
Dr Brian Priestly, Director, TGA Laboratories
Mr Pio Cesarin, Director, Non-Prescription Medicines Branch
Ms Rita Maclachlan, Director, Office of Devices, Blood and Tissues
Dr Fiona Cumming, Director, Office of Complementary Medicines
Dr Margaret Hartley, Director, Office of Chemical Safety
Dr Sue Meek, Gene Technology Regulator
Ms Elizabeth Flynn, Assistant Secretary, Policy and Compliance Branch, Office of the Gene Technology Regulator
Mr Neil Ellis, Acting Assistant Secretary, Policy and Compliance Branch, Office of the Gene Technology Regulator
Mr Jonathan Benyei, Assistant Secretary, Evaluation Branch, Office of the Gene Technology Regulator
Mr Michel Lok, Assistant Secretary, Business and Services Branch
Ms Terry Lee, Departmental Officer, Business and Services Branch
Dr Larry Kelly, Departmental Officer, TGA Laboratories
Mr Tony Gould, GMP Auditor, Office of Devices, Blood and Tissues
Mr Noel Fraser, GMP Auditor, Office of Devices, Blood and Tissues
Dr David Briggs, Departmental Officer, Non Prescription Medicines Branch
Mr Stephen Howells, Section Head, Surveillance Section, Trans Tasman and Business Management Group
Dr Glenn Smith, Departmental Officer, Blood and Tissues Unit, Office of Devices, Blood and Tissues

Portfolio Strategies Division

See Whole of Portfolio

Primary Care Division

Mr Andrew Stuart, First Assistant Secretary
Ms Rosemary Huxtable, Assistant Secretary, Policy and Evaluation Branch
Mr Rob Pegram, Principal Medical Adviser
Ms Leonie Smith, Assistant Secretary, General Practice Access Branch
Mr Richard Eccles, Assistant Secretary, Primary Care Quality and Prevention Branch
Ms Cath Halbert, Assistant Secretary, Red Tape Task Force

Australian Radiation Protection and Nuclear Safety Agency

Dr John Loy, Chief Executive Officer

Food Standards Australia New Zealand

Mr Graham Peachey, Chief Executive Officer
Mr Marion Healy, Chief Scientist

Ms Claire Pontin, General Manager, Strategy & Operations
Mr Greg Roche, General Manager, Food Safety, Legal & Evaluation
Mr Peter Liehne, General Manager, Standards
Mr Steve Crossley, Program Manager, Monitoring and Evaluation

Office of the Gene Technology Regulator

Dr Peter Thygesen, Scientific Adviser

Outcome 2—Access to Medicare

Medical and Pharmaceutical Services Division

Dr David Barton, Medical Officer, Diagnostics and Technology Branch
Dr Jane Cook, Medical Officer, Medicare Benefits Branch
Ms Joan Corbett, Assistant Secretary, Pharmaceutical Benefits Branch
Dr Ruth Lopert, Director, Pharmaceutical Benefits Branch, Executive Section
Mr Ian McRae, Assistant Secretary, Medicare Benefits Branch
Mr Allan Rennie, Assistant Secretary, Pharmaceutical Access and Quality Branch
Mr Chris Sheedy, Assistant Secretary, Diagnostics and Technology Branch

Acute Care Division

Dr Louise Morauta, First Assistant Secretary, Acute Care Division
Mr Charles Maskell-Knight, Principal Adviser. Medical Indemnity Policy Review Secretariat
Ms Veronica Hancock, Acting Assistant Secretary, Private Health Insurance Branch
Mr Robin Boyce, Acting Assistant Secretary, Acute Care Development Branch
Dr Bernie Towler, Senior Medical Adviser, Acute Care Executive
Ms Jo Murray, Director AHCA Performance Section

Primary Care Division

See Outcome 1

Information and Communications Division

See Whole of Portfolio

Health Insurance Commission

Mr Jeff Whalan, Managing Director
Mr James Kelaher, Deputy Managing Director
Mr Geoff Leeper, National Manager, Operations
Ms Ellen Dunne, General Manager, Program Management Division
Ms Melina Saltori, Medical Indemnity, Program Management Division
Ms Carol Brain, Manager, Associate Government Programs, Program Management Division
Mr David Hancock, Manager, PBS Branch, Program Management Division
Mr Lou Andreatta, Manager, Medicare Reform Taskforce, Program Management Division
Mr John Trabinger, Manager, Medicare Branch, Program Management Division
Dr Janet Mould, General Manager, Program Review Division
Ms Lynne O'Brien, PBS Initiatives Group, Program Review Division
Ms Lyn O'Connell, General Manager, Information Technology Services Division
Mr Doug Marshall, Manager Pathology

Outcome 3—Enhanced Quality of Life for Older Australians
Ageing & Aged Care Division
Mr Nick Mersiades, First Assistant Secretary, Ageing and Aged Care Division
Ms Jane Bailey, Assistant Secretary, Quality Outcomes Branch
Mr Warwick Bruen, Assistant Secretary, Community Care Branch
Mr Stephen Dellar, Assistant Secretary, Residential Program Management Branch
Ms Virginia Hart, Assistant Secretary, Policy and Evaluation Branch
Mr Mark Thomann, Assistant Secretary, Office for an Ageing Australia
Dr David Cullen, Executive Director, Aged Care Price Review Taskforce, Policy & Evaluation Branch
Ms Shona McQueen, Director, HACC Outcomes Section, Community Care Branch
Aged Care Standards and Accreditation Agency
Mr Mark Brandon, Chief Executive Officer
Mr Chris Champ, General Manager, Corporate Services
Ms Kristina Vesk, General Manager, Corporate Affairs
Mr Ross Bushrod, General Manager, Accreditation
Outcome 4—Quality Health Care
Primary Care Division
See Outcome 1
Acute Care Division
See Outcome 2
Medical and Pharmaceutical Services Division
See Outcome 2
Health Services Improvement Division
Mr Bob Wells, First Assistant Secretary, Health Services Improvement Division
Ms Kirsty Cheyne-Macpherson, Director, Office of the Safety and Quality Council
Mr Dermot Casey, Assistant Secretary, Health Priorities and Suicide Prevention Branch
Mr Brett Lennon, Assistant Secretary, Health Workforce Branch
Ms Jan Bennett, Assistant Secretary , Rural Health, Palliative Care and Health Strategies Branch
Outcome 5—Rural Health Care
Health Services Improvement Division
See Outcome 4
Outcome 7—Aboriginal & Torres Strait Islander Health
Office of Aboriginal and Torres Strait Island Health
Ms Helen Evans, First Assistant Secretary
Dr Patricia Fagan, Medical Adviser
Ms Mary McDonald, Assistant Secretary, Program Planning and Development Branch
Ms Yael Cass, Assistant Secretary, Workforce, Information and Policy Branch
Ms Margaret Norington, Assistant Secretary, Health and Community Strategies
Mr Peter Broadhead, Assistant Secretary, Program Planning and Development
Outcome 8—Choice through Private Health Insurance
Acute Care Division
See Outcome 2

Medibank Private
Mr Simon Westaway, Corporate Affairs Manager
Mr David Losberg, Government Relations Adviser
Private Health Insurance Ombudsman
Mr John Powlay, Private Health Insurance Ombudsman
Outcome 9—Health Investment
Health Services Improvement Division
See Outcome 4
Information and Communication Division
See Whole of Portfolio
Office of the National Health & Medical Research Council
Professor Alan Pettigrew, Chief Executive Officer
Ms Suzanne Northcott, Executive Director, Centre for Research Management
Ms Cathy Clutton, A/g Executive Officer, Centre for Health Advice, Policy & Ethics
Dr Clive Morris, Executive Officer, Centre for Compliance & Evaluation
Mr Tony Krizan, A/g Executive Officer, Centre for Corporate Operations

CHAIR—Good morning. I declare open this supplementary hearing of the Senate Community Affairs Legislation Committee considering the budget estimates for the Health and Ageing portfolio. The committee has before it a list of the outcomes relating to matters which senators have indicated they wish to raise at this hearing, and we will come to that list in a moment. In accordance with the standing orders relating to supplementary hearings, today's proceedings will be confined to matters within the relevant outcomes.

I welcome Senator Ian Campbell, representing the Minister for Health and Ageing; the departmental secretary, Ms Jane Halton; and other officers of the Department of Health and Ageing. Witnesses are reminded of the procedures to be observed by Senate committees for the protection of witnesses and in part to the resolution which states:

Where a witness objects to answering any question put to the witness on any ground, including the ground that the question is not relevant or that the answer may incriminate the witness, the witness shall be invited to state the ground upon which objection to answering the question is taken.

I also remind officers that they shall not be asked to give opinions on matters of policy and should be given reasonable opportunity to refer questions asked of them to superior officers or to the minister.

Evidence given to the committee is protected by parliamentary privilege and the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. There has been a list circulated indicating the outcomes order. Is there any dissent or desire to rearrange that order?

Senator McLUCAS—I would just like to make a suggestion to assist the committee to get through the bulk of its work. Can I suggest that we come to an agreement about some indicative times so that both departmental officers and other senators who want to be involved in the committee can plan their day. Following the order that we have agreed on, I suggest that we work to 11 o'clock or thereabouts on outcome 2 and that we then work on outcome 8 until lunch.

After the lunch break, we spend 1½ to two hours on outcome 3 and an hour on outcomes 4, 5 and 9. At approximately 4.30 we deal with the NHMRC and then, at approximately five o'clock, with outcome 7. At six o'clock we break for an hour for dinner. After dinner we deal with outcome 1, with all the agencies—the TGA, including the OGTR—and then we can talk with the food standards people and then with ARPANSA. At approximately nine o'clock we complete the rest of outcome 1 and then from 10 til 11, if we are all awake, we deal with the whole of portfolio and corporate matters.

Senator Ian Campbell—That is a matter for the committee to determine. If the committee provides us with a schedule we will respond.

CHAIR—Are there any views about that proposal?

Senator HEFFERNAN—Do we need a private meeting?

CHAIR—No, I think we can deal with it on the floor of the committee.

Senator HEFFERNAN—I entirely disagree. These are supplementary estimates. There may be issues that need to be drawn out in a program and taken through to an undetermined time. Those asking the questions may spend a lot of time on one program. Obviously we are not going to spend as much time on all the programs but we may have to spend more time on some programs than others. To be confined and constrained by a time schedule makes a farce of the whole process.

Ms Halton—Based on Senator McLucas's suggestion is it therefore all right if I do not have the NHMRC and all the agencies listed available until four o'clock onwards?

Senator McLUCAS—I am trying to be helpful, Senator Heffernan. I am simply trying to assist the large number of people who are here and the committee to get through the work that we have to do.

Senator HEFFERNAN—Obviously, there is a middle ground.

Senator McLUCAS—In answer to Ms Halton's question, I am proposing that people from NHMRC would not be required until approximately 4.30.

Senator HEFFERNAN—Obviously, the middle ground would be to have a cut-off point in the day when half the program concludes and the other half starts, which would probably assist the department, but what happens in between those two times depends on the questions and is driven by the discipline of the individual people asking the questions. There may be people besides you and others—Independents and God knows who—who want to come in and ask a lot of questions—

Senator McLUCAS—Exactly.

Senator HEFFERNAN—on a particular program. That is what this is all about.

Senator McLUCAS—That is why I have proposed this.

Senator HEFFERNAN—You should not be excluding them from the program. That is what this is all about. I completely disagree about having a constrained timetable right through the day.

CHAIR—I think I sense that the committee view is that we should proceed with the order of outcomes as listed in the published document which has been circulated. If we desire to define that later on in the course of the day we might attempt to, but as it is I think it we will go through the program in the order in which it has been published and appears in front of people at the moment.

Senator TCHEN—Chair, I think Senator McLucas is actually not changing the sequence of the outcomes. But I think Senator McLucas might think about Senator Heffernan's suggestion. Instead of having a very fine division for each outcome, we would roughly divide it into two portions so that the officers will not have to be here all day, which will pretty much come to the same outcome that you want anyway. I think Senator Heffernan has a good point. He said that some of the Independents might come. Senator McLucas, you might be judging this on your requirements, but the Independents and the Democrats might come in and have questions that cut into your time.

Senator McLUCAS—That is why I am doing it now—so that people will get an indication of what is going to happen during the day and they can plan their day. That include senators who are not here.

Senator HEFFERNAN—We do not want to exclude that. I just point out that, obviously, this is something that will go on until the cows come home. It is obvious that the people at the back end of the program do not have to be here at the beginning of the program. The other side of the room can soon work that out for themselves; it is like most things in life. I agree if you want to split the program into two. Go for it. But I am certainly not in favour of individual time constraints.

CHAIR—I suggest that we leave the program as it stands. If there is a desire to negotiate some other outcome, we might do that in the break or behind the scenes while the rest of the proceedings are going ahead. I think we can reasonably assume that some of these groups referred to as being listed for later in the day will not be reached, in any case, until much later this afternoon. I am sure officers can take some note of those things.

Senator McLUCAS—I just want it on the record that I tried.

CHAIR—Thank you. We will proceed immediately to outcome 2.

Senator McLUCAS—Chair, just before we do, it is sort of a tradition in this committee to talk about questions that have been on notice, and if I could do that that would be useful.

CHAIR—Is it traditional to do that before the minister is given a chance to make an opening statement?

Senator McLUCAS—No.

CHAIR—I might invite, first of all, the minister to make an opening statement if he wishes to do so. There is no desire to do that. In that case, in accordance with tradition, I invite Senator McLucas to talk about questions on notice.

Senator McLUCAS—Thank you. Chair, in the history of this committee questions on notice have been variable. But in the last couple of estimates we have had a situation where questions have been provided promptly. I have to say, though, that questions from the last estimates were not provided in that manner. In fact, we received some answers as late as

yesterday. Ms Halton, did you want to make any comments about why we have deviated from what I think was a pretty good record for probably the two estimates prior and why this last series of questions on notice did not meet that expectation?

Ms Halton—Obviously, we regret the fact that the last four came in yesterday. We did everything we could to endeavour that that was not the case. I think you are aware that we have been endeavouring to ensure questions are answered in a timely way. As you rightly say, our batting average slipped a little in the last estimates. Just for the record, last estimates we received a total of—and this is a combination of questions on notice plus the written questions that were received—262 questions. Unfortunately—and it is hard to separate these out—there was a large volume and, as I think you would understand, a number of those questions received actually had several parts that were quite complicated and we needed to consult with stakeholders and agencies. Some of the questions were very complex. The thing that would have not have escaped your gaze is that we have had a ministerial reshuffle. Regrettably, the combination of workload, ministerial reshuffle and complexity has meant that the last four answers only came in yesterday, and I regret that. May I give our apologies.

Senator McLUCAS—What is the process, Ms Halton? Do answers have to go through the minister's office?

Ms Halton—Certainly, it has always been the practice that answers are provided as a courtesy to ministerial offices. Regrettably, if they are not in a position to read those answers we normally wait until they have been read before we provide them.

Senator McLUCAS—So the change of minister caused a delay of days, weeks?

Ms Halton—I think it is fair to say that the new minister has, together with the office, been a little otherwise occupied. I cannot say precisely what the process was of ensuring that responses that had otherwise been prepared were brought to people's attention. Certainly in the last week or so, as we became aware that we had answers outstanding that had not progressed, that was a matter that we pursued. But as to the precise timing, I cannot tell you.

Senator McLUCAS—So they had come out of the department and they were in the minister's office and you had to chase them through that process, so to speak?

Ms Halton—I think you would appreciate that when we have new ministers sworn in a very large amount of material comes back to the department. We have to sort through the material from the previous minister's office to determine what the status of that material is. Then we have a process of sifting through that material, together with the briefing of incoming ministers. I cannot tell you at what point we drew to the attention of the new minister's office that we had a series of questions that were outstanding. All I can say to you is that probably about a week ago we did a stocktake, if I can describe it in that way, and we endeavoured therefore to get things cleared—which we managed to do yesterday.

Senator McLUCAS—We always have difficulty in identifying where—in which outcome—some of the questions need to be asked. I would like to clarify that now so that they get asked in the right outcome.

Ms Halton—Sure.

Senator McLUCAS—We have some questions about the additional medical places at universities. What outcome should that be in?

Ms Halton—Outcome 4.

Senator McLUCAS—What outcome should questions about practice nurses come under?

Ms Halton—Outcome 4.

Senator McLUCAS—What about IT for GPs?

Ms Halton—We will do that under outcome 9.

Senator McLUCAS—What about HealthConnect?

Ms Halton—Outcome 9.

Senator McLUCAS—What about ADGP?

Ms Halton—In what respect?

Senator McLUCAS—The question is about funding to ADGP.

Ms Halton—That would be in outcome 4.

Senator McLUCAS—What about TOE, transoesophageal echocardiography?

Ms Halton—That is in outcome 2. I am not going to attempt to say that, Senator!

Senator McLUCAS—I just did. What outcome would multidisciplinary care come under?

Ms Halton—You will have to be more specific.

Senator McLUCAS—It is multidisciplinary care for cancer patients. I think it is a report to do with breast cancer.

Ms Halton—Is it to do with screening? Can you give us a few more clues? What is the report and who is it by?

Senator McLUCAS—The report is by Peter Baume.

Ms Halton—Is it the report about radiation oncology?

Senator McLUCAS—Yes, it is.

Ms Halton—Radiation oncology comes under outcome 2.

Senator McLUCAS—Finally, there is a question that I do not have an answer to, but I have an answer as to why I do not have an answer—that is, training places for GPs.

Ms Halton—That is under outcome 4.

Senator McLUCAS—Thank you. That is very helpful. Hopefully we get it in the right box.

CHAIR—We will now move to outcome 2.

Senator McLUCAS—I have a question about bulk-billing statistics. There were some stats on GP bulk-billing rates broken down by electorate for the June 2003 quarter provided to Senator Allison. Then yesterday, after urging from the shadow minister, we received a set of bulk-billing figures by electorate for June in the answer to a question on notice from Senator Evans. They are different. Can I get an explanation as to why they are different?

Mr McRae—The question that we normally answer in terms of bulk-billing rates for general practice relates to the percentage of bulk-billing for unreferred attendances within the Medicare schedule. The question that we were asked by Senator Allison related to the bulk-billing rates by electorate for general practice non-referred attendances. There are in fact a number of specialists who undertake non-referred attendances as locums or for various other reasons, so definitionally we ended up with a slightly different question.

The other side of that is that when you are dealing with general practitioners per se, as we had to with Senator Allison's question, to allocate to electorate we actually had to allocate the doctors to electorate. Normally when we do answers of the sort we provided for Senator Evans we allocate the patients to electorate. So in the normal course of events, answering the sort of question Senator Evans asked on the bulk-billing rates for unreferred attendances, we look at all unreferred attendances and we allocate by the electorate of the patient. Senator Allison asked us fairly specifically for general practice unreferred attendances, so we had to look at a subset of unreferred attendances and we had to allocate by the electorate of the doctor rather than the electorate of the patient.

Senator McLUCAS—It is a language question. The next question goes to the September 2003 bulk-billing figures. We have had discussion in this committee before about whether it is four weeks, six weeks or eight weeks. Can you clarify for me what the period is? I recognise that after the June quarter there is a larger lag than for any other quarter. Can you remind me, Mr McRae, what the period of time to collate the data is?

Mr McRae—In general it is six weeks after the end of the quarter, except for June, when it is eight weeks after the end of the quarter. So the September ones should come out on Friday next week, the 14th.

Senator McLUCAS—And they are expected to be there on that date?

Mr McRae—I would hope so. We are certainly working to that end.

Senator McLUCAS—Do those bulk-billing figures have to go through the minister's office as well?

Mr McRae—No, they are put out more or less automatically on those dates as committed.

Senator McLUCAS—We can expect them on Friday week, then.

Mr McRae—Yes.

Senator McLUCAS—I want to ask another question before we formally go to outcome 2. It relates to the PBS advertising. How much have we spent altogether on the PBS advertising campaign to this date?

Mr Rennie—The actual amount spent, up to 21 October, was $4,725,431.

Ms Halton—And one cent.

Mr Rennie—Including GST.

Senator McLUCAS—Out of an allocation of?

Dr Wooding—Out of $26.772 million.

Senator McLUCAS—So you have spent $4¾ million to this point in time. I need to get an understanding, out of the total allocation rather than the actual now, about how much of the total $26 million has been allocated to development of the advertising campaign.

Dr Wooding—As I said before, the cost of the campaign to date in terms of the development work so far is $13.77 million as allocated, of which we have so far spent $4.72 million.

Senator McLUCAS—What are the elements of the development?

Dr Wooding—The largest element is the media buy, along with public relations and various other campaigns targeted to Indigenous and non-English-speaking background people. Booklets and posters were another large element, and there was distribution, along with market research.

Senator McLUCAS—Could you give me the figures for those elements?

Dr Wooding—The media buy is $8.84 million. For the advertising tools—the actual production of the advertising—it is $2.2 million. For public relations, it is $0.7 million. For the non-English-speaking background campaign, it is $0.3 million. For the Indigenous campaign, it is $0.25 million. For market research, it is $0.5 million. For printing, it is $0.4 million. Distribution of campaign material is also $0.4 million and production of some visual media—video and audio news and satellite—is $0.1 million. The total is $13.77 million.

Senator McLUCAS—The total allocation is $26 million. What is proposed for the other $13 million?

Dr Wooding—That is still under consideration. We are in the process of evaluating the campaign to date. What we will do next is still under consideration.

Senator McLUCAS—I will come to evaluation in a minute. Dr Wright appeared in the advertising. What did we pay him?

Dr Wooding—It was $80,000.

Senator McLUCAS—That was the total amount claimed?

Dr Wooding—That is right—for both shoots.

Senator Ian Campbell—He will be really upset when he sees what Steve Irwin got!

Senator McLUCAS—He was cheap compared with Steve Irwin. How did you go about selecting Dr Wright?

Dr Wooding—He was selected after market research had revealed that he was a very respected and well-known medical identity across the country, particularly for the target audience for the campaign. So he was the ideal choice for communicating the messages.

Senator McLUCAS—Did you test any other notable people from the community?

Dr Wooding—We obviously explored a range of issues, but he was the one identified as being the most appropriate person to use.

Mr Rennie—I might add that the decision to appoint Dr Wright was taken by the Ministerial Committee on Government Communications, whose prime responsibility is to

determine on mass media campaigns—both the campaign itself as well as the identity of the campaigns.

Senator McLUCAS—So the Department of Health and Ageing did not make the decision to use Dr Wright?

Dr Wooding—That is correct. Those decisions are made by the Ministerial Committee on Government Communications.

Senator McLUCAS—So the Department of Health and Ageing designed the package, the intent, and then the ministerial committee identified the talent?

Ms Halton—I think in fact what happens with these processes is that there is a competitive process with a number of companies. I think the technical term is 'pitch'. They come in and pitch their proposal in relation to the specific objectives that are put forward for campaigns. My understanding is that this process was like all others: a series of companies came in with particular proposals in terms of how the objectives could best be met. Those proposals are considered by the ministerial committee, which assesses them and, based on that assessment, chooses one of these firms together with an approach. Dr Wright and the approach were decided in that process.

Senator McLUCAS—Was it the committee that decided it would be appropriate to do this type of advertising program or did that idea come from the Department of Health and Ageing?

Ms Halton—As my colleague has said to me, there was a government decision in the budget context to run a campaign, and I think it was always intended in that context to have this kind of campaign. So, to the extent that we were working within the parameters of a government decision, the specific finer detail was sorted out within that context.

Senator McLUCAS—So you had a number of advertising agencies that came to pitch the message.

Dr Wooding—Yes, that is correct.

Senator McLUCAS—Can I have the names of those agencies?

Dr Wooding—I would have to take it on notice as to whether we can do that.

Senator McLUCAS—Who was the successful agency?

Dr Wooding—For the production of the advertising, Whybin TBWA.

Senator McLUCAS—Their pitch would have said, 'We're going to run these sorts of ads; we need a personality who is going to be able to present the message.' Did they suggest Dr Wright? When did Dr Wright appear in the script, so to speak?

Dr Wooding—It would have come out of discussions amongst the advertising agencies and out of the market research we also undertook. It emerged during those deliberations that he was the right person. He was an option, and then the Ministerial Committee on Government Communications made the final decision.

Senator McLUCAS—And no other individual was considered as part of that process?

Dr Wooding—I think that probably a range of other individuals were considered throughout that process.

Senator McLUCAS—How did you evaluate that Dr Wright was the right person?

Dr Wooding—As I said at the outset, the market research revealed that he was overwhelmingly the correct person. At the end of the day, the decision belonged to the Ministerial Committee on Government Communications.

Senator McLUCAS—You are going through a process of evaluation at the moment. How is that being conducted?

Senator Ian Campbell—For my interest, are we going to provide the senator with information about the other agencies that pitched?

Dr Wooding—I am taking that on notice. I am not sure as to whether or not I can provide that.

Senator Ian Campbell—Exactly. I think it might be under another portfolio.

Dr Wooding—We will have to take advice from the other portfolio.

Senator Ian Campbell—I would not mind seeing whether Bill Hunter was also considered.

Dr Wooding—The first and most important part of the evaluation is further market research. We are still awaiting a full report from the research consultants, but preliminary research reveals a raised level of awareness among the public during and after the campaign.

Senator McLUCAS—An awareness of what?

Dr Wooding—Of the issues put forward in the campaign about the Pharmaceutical Benefits Scheme, the need for sustainability and the other issues that were put forward in the campaign.

Senator McLUCAS—Is there a set of objectives for the campaign that you can share with the committee?

Mr Rennie—The campaign objectives were, firstly, to increase levels of awareness and understanding about the Pharmaceutical Benefits Scheme, including how it operates and Australians' entitlements under that scheme; secondly, to raise awareness of the increasing cost of the scheme and that both the government and the community have a role to play in keeping the PBS sustainable; thirdly, to increase levels of awareness of how people can change their behaviour towards prescription medicines and contribute to the sustainability of the PBS; and, finally, to reinforce that the government is committed to the PBS as a major plank of the Medicare program. They were the four objectives.

Senator McLUCAS—Obviously, the evaluation report is testing those objectives. You have an indication of a higher awareness—

Dr Wooding—It is too early to give details of answers to those objectives, but higher awareness has already been indicated.

Senator McLUCAS—Will there be a final evaluation report?

Dr Wooding—Yes, there will be a report from the market researchers on the evaluation to us.

Senator McLUCAS—When do you expect that?

Dr Wooding—I do not have that information.

Mr Rennie—December, I believe.

Senator McLUCAS—Can that report be made available to the committee?

Ms Halton—I think there is an issue in relation to market research to the extent that it is then the basis of other government decisions. I think there is a history in relation to this area that where reports are in use it is traditionally not the case that they are released. Once they are no longer in use they can be released, but while they are being used by government to make decisions they are not made publicly available. What we can give you, probably, is a precis of some of the issues that are raised. Based on the preliminary research findings, we do know that that the level of understanding in the community that, for example, for every $1 spent by a consumer, and this is clearly on average, the government puts in $5 in relation to the PBS has gone from 18 per cent to 41 per cent of the community. I have no problem saying that we can tell you in broad terms those kinds of outcomes. Whether the report will be available to be released I think is a different issue, depending on whether the government wishes to use it for further decision taking.

Senator McLUCAS—Given that there is still $13 million left in the kitty—

Ms Halton—That is my point.

Senator McLUCAS—If we could get a precis of the evaluation, that would be useful.

Ms Halton—I am happy to give you the broad outcomes et cetera, but the precise report may be a little difficult.

Senator McLUCAS—Have there been any communications or complaints about the message that the government is attempting to provide to the community?

Dr Wooding—Not that we are aware of.

Mr Rennie—There are no major concerns. Obviously, when the campaign is run you would expect to have some communication. There has been a small number of letters that have complained about the campaign, but it is a really small number—I am talking less than 10, maybe less than 20. However, there have also been complimentary letters about the campaign.

Senator McLUCAS—Do those letters of concern come from individuals or from organisations?

Mr Rennie—I cannot recall an organisation writing them; individuals, I would say. I cannot recall. There might be an organisation, but I cannot remember.

Senator McLUCAS—Could you take that on notice and ascertain whether there has been correspondence, particularly from organisations, about the intent of the program? I understand that Dr Wright described the drug companies, at the launch of the campaign, as 'thieves and robbers'. Did the pharmaceutical industry—not that I sit here to defend them—make any comments about that sort of language?

Ms Halton—I was not at the launch, but I have not had any pharmaceutical company raise such an issue with me.

Senator McLUCAS—It was interesting language.

Senator Ian Campbell—Dr Wright is obviously a very good cut-through communicator.

Senator McLUCAS—Just to confirm: was $80,000 the total amount paid to Dr Wright?

Dr Wooding—That is correct.

Mr Rennie—I might just clarify one point there: it was not a direct payment from the department to Dr Wright; it was part of the contract with Whybin, the advertising agency. Our understanding, from the advice from Whybin, is that it was $80,000, and I have no reason to believe it was any different from that.

Senator McLUCAS—So he was not contracted to the department—

Mr Rennie—No.

Senator McLUCAS—but contracted to the advertising agency. While we are on advertising, can you tell me how much money was spent to date on advertising the government's A Fairer Medicare package?

Dr Wooding—It is $660,000 to date. That is all up on the communications costs.

Senator McLUCAS—That is made up of what costs?

Dr Wooding—It was many of the same activities we talked to you about last time, because it actually has not increased a great deal. The main activities include information kits for stakeholder groups; planning for briefing and conducting workshops with stakeholders, particularly general practitioners; development and operation of a web site and operation of an information line; and one national advertising round to make the public aware of where to obtain more information about the package.

Senator McLUCAS—But that does not include the full-page ads that were taken out. That must be a different stream.

Dr Wooding—In relation to the health care agreements?

Senator McLUCAS—Yes.

Dr Wooding—No, that is a separate issue.

Senator McLUCAS—Where does that money come from?

Dr Wooding—It came from within the general budget of the Information and Communications Division of the department, which is my division.

Senator McLUCAS—Can you tell me how much that advertising cost?

Dr Wooding—The total cost of that advertising, which was three advertisements, was $257,462, excluding GST.

Senator McLUCAS—So that was not considered to be part of the A Fairer Medicare package advertising?

Dr Wooding—That is correct.

Senator McLUCAS—It came out of the corporate advertising budget.

Dr Wooding—Yes, generally. We do not have a corporate advertising budget as such, but we have some funds for communications activities, and that is where that was taken from.

Senator McLUCAS—There was a series of letters to doctors as part of that campaign as well, I understand.

Mr Davies—Are you back to A Fairer Medicare now?

Senator McLUCAS—There were a series of letters to doctors—

Mr Davies—Correct, under A Fairer Medicare program.

Senator McLUCAS—and they did not link in with—

Mr Davies—There was one mail-out to doctors relating to A Fairer Medicare in May. The total cost of that was $16,700, including postage.

Senator McLUCAS—Could we get a copy of that letter?

Mr Davies—I do not have one with me, but I am sure we can easily get one before the day is out.

Senator McLUCAS—Thank you. Finally, I remember that the former minister said she was going to write to all the people who petitioned the government not to change Medicare, or not to adopt the A Fairer Medicare package. Were departmental staff instructed to prepare a response to those petitions?

Ms Halton—No, not that we are aware of. We will check, and I will correct that if I am wrong, but not that I am aware of.

Senator McLUCAS—So was staff time used to, for example, enter data on a database of those 160,000 people who petitioned the government?

Ms Halton—To the extent that we received correspondence in the department, correspondence is regularly logged. To the extent that we receive campaign material, it is usually just classified as campaign material and there is not a response necessarily issued to it. I am not aware of any separate treatment of any particular set of correspondence of the type that you are talking about. I am not aware of that, but I will check.

Senator Ian Campbell—You would not call petitions 'correspondence', Senator.

Senator McLUCAS—No, but the minister said she was going to write to these 160,000 people.

Ms Halton—I am not aware that we did anything in relation to that.

Senator McLUCAS—So no direction came from the minister's office to the department to action that?

Ms Halton—No, not that I am aware of.

Mr Davies—I have just confirmed that with the officer concerned. While we obviously always respond to correspondence, we have not collated or, in any way, responded to signatures on petitions.

Senator McLUCAS—So that was obviously a hollow threat—if no action happened between the minister's office and the department to do anything about it.

Senator Ian Campbell—I do not know why you would call it a threat. If someone petitions the government in relation to something then I would have thought that, for a minister who wants to communicate with citizens about policy issues, one of the options would be to write them a letter. Why would that be a threat?

Senator McLUCAS—Senator Patterson said that she was going to write to 160,000 people. I immediately went through the cost of that but, it would seem, to no avail. There was never any instruction to the department to do anything about it.

Senator Ian Campbell—Not yet, but you may understand that this government is still trying to get the A Fairer Medicare package through the Senate. We are having negotiations with the Democrats and Senator Lees. The Labor Party, in their report in the Senate committee, has come a long way to supporting major aspects of A Fairer Medicare, which we welcome. So it is a policy in process. But I think the idea of writing to those people who have indicated their view to the government was a fine idea of the former minister's, and I might raise it with the new minister. Thank you for reminding us.

Senator McLUCAS—What would it cost to write to 160,000 people?

Senator Ian Campbell—It would depend how you write, wouldn't it? If you take out another full-page ad that might be an effective communication tool for 160,000 people. That is a lot of people. How many doctors did we write to for $16,000?

Mr Davies—We wrote to about 24,000.

Senator McLUCAS—What would it cost to simply put a letter in an envelope with a stamp on it? When you have answered that, I will go to the cost of time.

Senator Ian Campbell—It is something that I have discussed as an option, and you have raised it and asked why have we not done it. I think it is a very fair question to raise. I will be putting to the minister, as a result of your urgings, that this be looked at again.

Senator McLUCAS—I do not know that I am urging.

Senator Ian Campbell—Why did you raise it, then?

Senator McLUCAS—I am trying to ascertain the cost.

Senator Ian Campbell—I think it is an exceptionally good idea of Senator Patterson's, and I will raise it with the minister. Of course, you would have to have a very good look at the cost effectiveness of it. It may, in fact, be a lot more cost effective to take out full-page ads in newspapers or even expand the television advertising. Quality communication is very important in a democracy. Would you advocate a letter, rather than an ad?

Senator McLUCAS—I would like to see what the objectives of that expenditure would be, and I would like to see what the cost of it is.

Senator Ian Campbell—That is very diligent.

Senator McLUCAS—I think a lot of questions could be asked about whether that money should be spent by the Liberal Party of Australia rather than by the Department of Health and Ageing.

Senator Ian Campbell—That is a fair point, but we believe that informing people about their entitlements and their rights about government policy is a very important thing in a democracy.

Senator McLUCAS—What would it cost to send a letter to 160,000 people, just in terms of the consumables and the postage?

Ms Halton—I think the problem is that we are now into a hypothetical question.

Senator McLUCAS—It is an actual question; it is not hypothetical. What would it cost to send a letter to 160,000 people?

Senator Ian Campbell—Mr Chairman, I do not think this is something for the department to respond to. As the Minister representing the Minister for Health and Ageing, it is something that I have undertaken to take up with him. It is obviously a hypothetical matter. If Senator McLucas wants to ask about the cost of 160,000 stamps, the relevant portfolio is communications, who are in charge of Australia Post.

CHAIR—That is fair enough. Is there a question beyond that question about—

Senator Ian Campbell—If Senator McLucas thinks that when 160,000 people do a petition to the government we should simply ignore it, I think that is fairly high-handed. Certainly the government takes very seriously anyone who communicates to us their views about a policy.

Senator McLUCAS—It would seem to me that the government is ignoring their petition.

Senator Ian Campbell—It would be absurd, if 160,000 people sign a petition, that we would then send that to the Liberal Party of Australia. They are writing to the government with a view about a policy. It is a government policy.

Senator TCHEN—I was not paying attention. Was Senator McLucas objecting to the government writing to these people to put a case to the petitioners? I am surprised.

Senator McLUCAS—I am interested in the cost to the taxpayers of Australia and whether or not that cost should be carried by the taxpayers of Australia or, in fact, the Liberal Party.

Senator TCHEN—If I signed a petition I would be happy to receive correspondence back.

Senator Ian Campbell—These 160,000 people did not write to the Liberal Party. They wrote to the government of Australia. It is a different organisation.

Senator McLUCAS—If such a program is considered, could the department first of all identify what the objectives of that campaign would be.

Senator Ian Campbell—If the government proceed down that path we will make sure that the estimates committees are fully informed of the costs. I thank Senator McLucas for reminding us of the former minister's excellent suggestion.

CHAIR—There is no suggestion of writing such a letter; therefore, it is a hypothetical matter. Do you have other questions on the advertising program?

Senator McLUCAS—No.

Mr Davies—Senator McLucas, I understand the letter to which you refer was actually tabled at the last meeting of this committee.

Senator McLUCAS—I thought it might have been.

Mr Davies—So we presumably do not need to retable it.

Senator McLUCAS—No; thank you.

CHAIR—You had some questions on pathology. Do you want to ask those questions now?

Senator McLUCAS—No, I want to go broadly to outcome 2.

Senator LEES—I will ask questions on the PBS if that is convenient for the minister. I want to look at some questions on the PBS specifically, relating to the various measures that have been taken to encourage better prescribing and to encourage the community to be more aware of the costs of medication under the PBS. Firstly, could you run through the various measures that are currently in operation? I realise some were started by Dr Wooldridge ,the minister before the last minister, and some by Senator Patterson. I am particularly interested in any results you have on the impact of lifestyle scripts and any early data you may have on the impact of showing the actual cost on medication when people pick it up from the pharmacist. Perhaps you could run through the various measures that are operating at the moment to assist with better prescribing.

Mr Rennie—Probably the largest measure related to improving prescribing in the community is the contract entered into with the National Prescribing Service. That has been going for some years now. There are other measures, some of which you have mentioned, including putting the price on dispensing labels so that consumers can see the real cost of medicines. That was fully implemented on 1 August this year. As far as evaluation, we do not have any information back on that yet but it is fair to say that I do not believe the department has received any complaints about that measure. In fact, there have been complimentary letters about the inclusion of the full cost of medicines on labels.

Senator LEES—For the measures that, as you say, have been running for years with the prescribing service, what research has been done to look at the impacts? Some of it, I realise, is negotiation with pharmaceutical companies to keep the costs of drugs down. But what measures have been deliberately designed for either doctors or patients to get them to think again?

Mr Rennie—Certainly there have been evaluations of the National Prescribing Service's work. I do not have them with me now. We are expecting another evaluation shortly on the last 12 months of work. They are due to have an evaluation with us very shortly.

Senator LEES—Could you take that on notice? What are you planning to do to evaluate the current measure, which is putting the actual amount—the real cost, as opposed to what people pay for medications—on the labels. It has been in since August. What is your time line before you look at how effective that is? Six months? Twelve months?

Mr Rennie—We will get back to you with those. There are some other measures that we are doing evaluations on—for example, the cooperation of the pharmaceutical industry. I have had medical reps advise of restrictions on PBS medicines, and the evaluation of that particular measure is nearing completion. As you say, there has been a range of measures over the last couple of years. It is fair to say that all of them are being evaluated at their various stages of completion. I can get back to you with a stocktake of where we are at.

Senator LEES—Could we have a full list of all the measures and then an assessment of how they are all going, and then look at where we go from there? I will also ask quickly about the actual costs now of the PBS. What is it costing us? Obviously, you are tracking it, but have you been looking at it in the last couple of months as these new measures have come in?

Ms Corbett—I can certainly give you the annual breakdowns over the last few years of the total expenditure. There are various subcomponents, but if I start from the totals that is probably the most helpful for you. In 2001-02 the total government expenditure on the PBS was $4.6 billion. It rose in 2002-03 to $5.1 billion, which was about a 10.4 per cent increase. I can give you earlier figures, if that is helpful.

Senator LEES—No. I was particularly interested in the month-by-month figures. Do you have any of that?

Ms Corbett—No, not at this point.

Senator LEES—Do you break those down to different areas, RRMAs for example? Do you break them down in terms of anything where we can actually look at access to GPs, access to the PBS?

Ms Corbett—There is not a great deal of work done on the differences between rural and metropolitan use of pharmaceutical benefits. There is one indicator reported in the annual report about rural and regional expenditures, but we do not do a great deal of work on that in relation to this particular program. On page 85 of the just released annual report there is some discussion of per capita expenditure, showing you that there is not only a very significant difference between patterns in rural and regional Australia and in metropolitan areas.

Senator LEES—Thank you. Just looking at measures that you may be contemplating, have you looked at all at reassessing some of what is actually on the PBS for whether or not it should still be there? I know there is some review of medications, but have you looked at a wholesale audit of how effective the medications that are still there are and whether or not they should indeed be there?

Ms Corbett—From time to time, the Pharmaceutical Benefits Advisory Committee does review drugs that are on the current schedule. As you have indicated you are aware, there have been reviews of categories of drugs. The other thing that tends to drive the shifts in the list is that companies will withdraw drugs from time to time, particularly older drugs that have lost their market share due to the introduction of newer and usually, we hope, more effective drugs coming onto the list. I believe the issue of a comprehensive audit or review of the PBS list was discussed last year in relation to an IDC about sustainability of the PBS. It was not a recommendation to go forward with that, and my understanding is that, overall, the assessment was that we had a pretty good iterative process of culling the list one way or another and to systematically review everything on the list was not actually cost-effective.

Senator LEES—Looking at hospital pharmacy and what you are doing with the states at the end point when people are discharged and looking at the use of the PBS to bridge the gap where the states were basically cost-shifting anyway, what states are actively and fully involved in that now?

Mr Rennie—Victoria was the first state, followed by Queensland and now WA.

Senator LEES—It has been suggested to me—this came from Victoria—that there are some issues with the lack of cost controls on this measure. To give you an example, previously at the hospital door, so to speak, when it was a state cost and indeed a hospital budget item people were far more careful with what was prescribed, but now those cost constraints or messages are not there. What measures are you putting in to make sure that costs do not blow out? This was from individual pharmacists who were concerned about pressures on them, and doctors too—with some of the more expensive drugs.

Mr Rennie—An evaluation is taking place of the Victorian hospital experience at the moment. We do not have the report of that yet, and certainly that is one of the issues to be taken into account—the cost side of it. But looking at PBS expenditure in Victoria pre and post the changes, there is no marked difference in increasing PBS outlays, if you like, as a result of it.

Senator LEES—In Victoria?

Mr Rennie—In Victoria.

Senator LEES—That was my next question: what is the result in terms of the total outlays on the PBS? You are saying that you are watching that?

Mr Rennie—Yes, we are watching that, and Victoria does not stand out as being any different from other states. Obviously that is what we are doing as a part of monitoring—

Senator LEES—Do you have a figure on that impact? There would be an impact in that it has now come off the hospital budgets and gone over to the PBS budgets. What would that impact be—100 million, 10 million?

Mr Rennie—I will have to get back to you with those details. I do not have the details with me at the moment of what those figures were. I did not bring them with me, but I could certainly take it on notice and get back to you about Victoria's experience compared with other states over a period of time.

Senator LEES—Yes, absolutely. It was suggested that some of the drivers in the PBS over the last few years have been the states cost shifting substantially from their hospitals. Did you look at that before you went through these agreements? What was the impact of the states giving medication for only a day or so to patients on discharge, rather than the full courses that used to be given?

Mr Rennie—I will have to take that on notice. It was before my time. Obviously that particular measure was drawn up some four or five years ago—maybe six years ago—so I will have to take that on notice just to see what preliminary work took place in the negotiation around those changes.

Senator McLUCAS—Let us go back to the question about the advertising during the deliberations on the Australian health care agreements. In answer to a question on notice by Senator Evans, a figure of around $158,000 was identified for part of that advertising and another figure of $41,000 for two advertisements on 29 August, which does not add up to $250,000. What else did you spend to get to $250,000?

Dr Wooding—The first question was about the answer to a question on notice supplied to Senator Evans, where we said that—

Senator McLUCAS—It was question No. 1954.

Dr Wooding—We said it was $158,263. Is that correct?

Senator McLUCAS—Yes.

Dr Wooding—That was for the advertisement placed on 21 August in 12 newspapers. The second amount that we also provided in answer to Senator Evans was $41,616, and that was for an advertisement on 29 August. That adds up to approximately $200,000. Since then we had a further advertisement placed on 14 September which cost $57,582. I do not have my calculator with me, but I believe that adds up to $257,462. There were three advertisements in total.

Senator McLUCAS—Was that the same ad—the one that was placed on 14 September?

Dr Wooding—No, the ad on 14 September was in response to some New South Wales government advertising. The ad on 29 September was in response to some Victorian advertising, and the original ad on the 21st was a more general ad.

Senator McLUCAS—Now that makes sense. Thank you. I need to ask some questions about potential changes to the government's so-called Fairer Medicare package concerning health care concession card holders.

CHAIR—We might see if there are any questions on the PBS, since we are on that subject.

Senator ALLISON—I have a range of questions about a particular vaccine—the Fluad vaccine.

CHAIR—I am told that that could come under outcome 1, public health. If it does, we will leave it until we get to that point. Does it come under outcome 1?

Ms Halton—Yes.

CHAIR—In that case we might leave it until we get to that. What did you want to go on to, Senator McLucas?

Senator McLUCAS—My questions are about the government's so-called Fairer Medicare package and access to health care concession cards. The department would be aware that the new minister has suggested that there might be a relaxing of the requirement in the package to bulk-bill all concession card holders. Would there be any cost impact in terms of the package if there were a relaxation of that requirement?

Ms Halton—Senator, I think that you know that we are unable to answer questions about any advice that may have been given to the government on that sort of consideration.

Senator McLUCAS—I do not want to know what the advice was; I just want to know whether the department has been asked to provide advice about what the financial impacts would be if there were a relaxation of the requirement that doctors have to bulk-bill all health care concession card holders.

Senator Ian Campbell—That is not a question that the department should answer, either. The minister might ask 15 questions a day of the department on potential policy alternatives. They are not going to give a running commentary.

CHAIR—I think there is also a hypothetical element to it.

Senator Ian Campbell—The practical fact is that the Fairer Medicare package is before the parliament at the moment and the minister has made it clear that he wants to get the package through and he is negotiating with those who want to make a constructive contribution to that package. It will be on the floor of the parliament in the next few days. I think Senator McLucas will be a participant in that.

Senator McLUCAS—Has the department done any modelling of the outcomes of relaxing the requirement to bulk-bill all concession card holders?

Senator Ian Campbell—Again, we are in the area of hypothetical policy.

Senator McLUCAS—It is not a hypothetical question, Minister. We have tried very hard in this committee and in the select committee to ascertain what modelling has been done to inform policy that is going to affect every Australian. I think it is a reasonable question to find out whether someone has thought this through.

CHAIR—I am sorry but the question amounts to a request to announce government policy before it has been announced.

Senator McLUCAS—No it is not; not at all.

CHAIR—To the extent that there is work going on into what might be the information that educates such a policy, it is hypothetical.

Senator McLUCAS—It is not a hypothetical question; it is a question of fact. Has the department done any modelling that would inform the decision to relax the requirement that everyone with a health care card needs to be bulk-billed? It is not hypothetical; it is a question of fact.

CHAIR—It is asking the government to announce details of processes used to determine policy which has not yet been determined.

Senator McLUCAS—I disagree, Chair.

CHAIR—I am sorry. I do not think that is an appropriate question to ask.

Senator McLUCAS—We are down the same road that we have been going down in trying to ascertain what the impact of significant structural changes to the Medicare system is going to be and we do not know and the department will not tell us, or we are not allowed to know, whether or not—

Senator Ian Campbell—The government has a policy on the table. If that policy changes in the future that will be on the table and you can ask questions about how we got to that policy. That is entirely fair and reasonable.

Senator McLUCAS—The question I want to know about is whether the department has ascertained the impact.

Senator Ian Campbell—If you ask, 'Hang on, what if you go down this path? Are you looking down this path? Have you got some work done on that particular path?' you could go on all day. Until the government makes a policy decision it is entirely inappropriate.

Senator McLUCAS—I will then go to the other end of the same argument. Has the department provided any advice with respect to expanding the eligibility for health care cards?

Ms Halton—We do not comment on policy advice we give to the government, Senator.

Senator McLUCAS—I am not asking about the advice, just whether or not it has occurred.

Senator Ian Campbell—The question, 'Has the minister asked a question about a particular policy outcome?' is the same question you asked last time.

CHAIR—I have to say, Senator McLucas—

Senator Ian Campbell—If you want to ring up Tony Abbott and say, 'Tony, what have you asked the department today?' you will get the same response.

Senator McLUCAS—I find this committee different to all the other committees I go to, where that question is asked and answered.

CHAIR—I think we have determined that that question is not appropriate, Senator. Can we move to another?

Senator Ian Campbell—You can ask the question as many times as you want but we will still be here at midnight tonight with the same answer.

Senator McLUCAS—Given that the Democrats have suggested, in their package, that children are a group that ostensibly fall through the net, has the department provided any advice about what the cost would be of extending health care cards to all children?

CHAIR—I am sorry, Senator, that question is in the same vein. I will have to rule that out of order.

Senator McLUCAS—I am going to seek some advice from the Clerk on this because in every other committee I go to I can ask that question and I can get an answer—just not this one.

Senator Ian Campbell—I recommend you go and speak to the Clerk. That might be constructive.

Senator McLUCAS—I will; thank you.

Senator Ian Campbell—Senator Allison is here; she might ask what the costings are on her policy.

CHAIR—Do we have other questions relating to the Fairer Medicare package, particularly in terms of what is on the table at present?

Senator McLUCAS—I have a question. Can the department advise what the cost would be of providing item numbers to practice nurses?

Ms Halton—You would have to be much more specific than that, Senator. In what respect?

Senator McLUCAS—I understand that the government members of the Medicare committee recommended that item numbers be provided to practice nurses to provide services and that that is as far as their recommendation goes. What would the cost of that be?

Ms Halton—I think you will find that it is not possible to cost something in the abstract. Practice nurses could potentially do a range of things. They could potentially do that range of things in respect of a range of people and I think you would find that the people doing the costing and modelling would find it very difficult, in the absence of quite specific detail, to tell you what such a cost would be.

Senator McLUCAS—Do we have any notion? Has any work been done to ascertain—

Ms Halton—Quite genuinely, unless we get down to the absolute specifics, it is very hard to say what the volume would be and therefore what the cost would be.

Senator McLUCAS—So we do not know at all what the cost would be to provide item numbers for practice nurses?

Senator LEES—Can I just ask whether you have looked, for example, at immunisation—if there was an item number for a practice nurse to do immunisations and save the doctor? Have you done any modelling on that sort of specific?

Ms Halton—What we would have to do on immunisation is look at what currently happens in relation to PIP and we would have to do some modelling in respect of nurse costs et cetera.

Senator LEES—So you have not done any of this?

Ms Halton—In terms of the specific recommendations of that report we have not taken it away—it has only just come out—and looked at the item-by-item approach that you could take. No, we have not done that.

Senator McLUCAS—I would now like to move to safety nets.

CHAIR—We have issues on the paper listed in the order in which they were received and you have an item there on pathology. Do you want to deal with that so that we stick to the program in the order published, Senator McLucas? It would just save jumping around if we keep to the order we have determined.

Senator McLUCAS—I understand that a review of the accreditation arrangements for pathology laboratories has been conducted by the department. Is that correct?

Mr Sheedy—Yes, there has been one recently. An independent review was done last year, in fact, by Corrs Chambers Westgarth on the accreditation arrangements.

Senator McLUCAS—A series of recommendations fell out of that. Can you give me an update on the progress of implementing those recommendations, please?

Mr Sheedy—I will start off by saying that the evaluation found that we have a very sound and effective method of accrediting pathology laboratories in Australia. In fact, the review said that they are more mature in pathology than they are in most other Australian medical disciplines. They did find, however, that there were some shortcomings, not so much in the way in which accreditation was conducted or in the standards that were applied to pathology laboratories but in the time between accreditation and action on adverse reports or on some indication that quality might be slipping. So the recommendations were that we tighten up some of those procedures. Some of that has happened already in that pathology laboratories are now subject to a regime whereby the accrediting body—the National Association of

Testing Authorities—is obliged to report to the HIC as soon as it becomes aware of any shortcomings, and that can be done in a shorter period than the three years that would normally have applied in the past. So now there is a more streamlined process of reporting to the HIC.

The other element on which we are working at the moment is the development of performance standards for each pathology discipline. The pilot for this process is being developed in cervical cytology and in chemical pathology. The cervical cytology standards are nearing completion now and should be completed by the end of this year. Over the coming months performance standards will be developed for each of the subdisciplines in pathology.

Senator McLUCAS—I understand that there is a new rating system. Is that the performance standard that you are talking about?

Mr Sheedy—You may well be referring to the cervical cytology standards. Yes, there are some modifications to the performance standards that have been in operation for some time. In parallel with the review that was done of the accreditation system—with the suggestion that there ought to be a more streamlined and faster process of acting on performance standards—we have had a look at cervical cytology standards and the existing standards have been reviewed. There is presently out for consultation a new set of standards which are slight modifications of the previous standards.

Senator McLUCAS—Following the Pap smear difficulties that we had in March last year, I understand that there was a promise that we were going to start spot checking of pathology laboratories. Is that being undertaken?

Mr Sheedy—As soon as there is any indication of a shortcoming in the standards, the accreditation body can move in immediately. There is a very short time line for re-examination of a laboratory. I do not know whether my colleague from the HIC might be able to comment on those timing processes.

Mr Trabinger—In the first instance, NATA will advise us whether they wish to suspend, cancel or revoke a laboratory. Where they do that, the new procedure is that they have to write to us within seven days. Following that process we will then contact the lab and ask them to show cause as to why they should still be able to claim Medicare benefits.

Senator McLUCAS—I understood, though, that there was advice that we were going to instigate a program of spot checking. The process you are describing is done on complaint. I understood there was a spot check procedure that was going to be instigated.

Mr Trabinger—Under the new arrangements we do have the capacity to call NATA in to do spot checks, and that is done on very short notice as well.

Senator McLUCAS—What notice is given?

Mr Trabinger—Basically it depends on the circumstances. It is a needs-basis approach.

Senator McLUCAS—Can you tell me how many spot checks have been undertaken in the last, say, 12 months?

Mr Trabinger—NATA has done its normal routine processing but to date no spot checks have been undertaken.

Senator McLUCAS—Is it part of the suite of evaluation that you have?

Mr Trabinger—The main process is for us to rely on advice from NATA.

Mr Sheedy—Senator, could I add something about the frequency of checking on laboratory performance?

Senator McLUCAS—Yes.

Mr Sheedy—As I said, the review we did that was completed last year spoke very highly of the performance of the current accreditation arrangements. It suggested we might be able to improve and refine them by increasing the frequency of reporting to enable any changes in performance to be picked up and acted on quickly. As I described with the cervical cytology standards, we are working through it so that by next year there will be a review of data every six months coming in from one particular subdiscipline of pathology. Over time, all subdisciplines of pathology will be providing performance data to NATA every six months. This will be reviewed and, if there are any shortcomings or queries that are raised, the HIC will have the opportunity to act very quickly indeed. We are refining and increasing the frequency of processes that are already working quite well in the Australian environment.

Senator McLUCAS—The article I have here refers to the minister suggesting that there is going to be a program of spot checks that ensure that laboratories are not advised that the department is coming to assess their practices and procedures.

Ms Halton—I have not seen the article to which you refer. It might perhaps be useful to have a look at it and then we can give you a more informed commentary. I think it is important to understand here the distinction between the role of the Health Insurance Commission and the department versus NATA. Essentially we have a statutory responsibility which is held and exercised by the Health Insurance Commission on behalf of the department in relation to the payment of benefit for services provided by approved and accredited providers. And we have the role of NATA, who actually are responsible for the professional accreditation of these facilities. I think, as the Health Insurance Commission have been endeavouring to explain, in a sense this is a kind of virtuous circle. So, if we have any difficulties, we can ask them to go and do something very quickly about it. Similarly, if they become aware of concerns, they have arrangements in place that they can pursue as well.

But the officers across the department and the Health Insurance Commission do not actually go and do the spot checks; it is a professional exercise and, as Mr Sheedy has been indicating, what we are trying to do is ensure that we maintain that very good standard of accreditation in this area. One of the things that came out of the experience we had in March of last year—and it is obviously something I was involved in—was the fairly timely wake-up that we needed to be looking at how we manage these accreditations, and I think the steps that have been taken have tightened up those requirements. But if you would like to give us a copy of that article, we could perhaps give you a more informed commentary.

Senator McLUCAS—I am happy to do that, but it simply says that the minister says health authorities will spring surprise checks on pathology labs and report publicly on any lapses in testing standards—that is, NATA would be undertaking that analysis, those checks. You are telling me that that has occurred and we have not had any surprise checks or spot checks—is that right?

Ms Halton—I think the officer is explaining that NATA has been going about its business and, as I understand the advice, has not had call or cause to do a spot check. Spot checks are a completely appropriate mechanism, particularly in the event where you have a concern. As I understand it, NATA have not had evidence of or concerns that have arisen that have led them in this last period to do any spot checks. That said, we also have advice that the standard of pathology in this area is good—

Senator McLUCAS—I am not questioning that. A strategy was suggested so that people would feel comfortable that there was going to be some unannounced monitoring of quality of work operating in pathology and that does not seemed to have occurred.

Ms Halton—Again, without seeing the article, it has always been the intention that spot checks would be part of this regime on an 'as required' and 'if necessary basis'—that is the case. The advice from the officer is that it has not been required or necessary in this last period. It does not mean that there will be no spot checks—on the contrary.

Senator McLUCAS—I am interested that you have to get a trigger to get a spot check. It seems to be complaint driven rather than generated out of NATA.

Ms Halton—It is an issue that can be discussed with NATA in the ongoing process of discussing how the accreditation system is going. As Mr Sheedy has indicated, we are working with them and they are endeavouring to improve their approach in terms of accreditation in a couple of areas. If there is evidence that this practice that they have adopted is not effective and efficient, that is something we can look at. But it is important to understand that spot checks form part of the current armoury of ensuring that we have quality pathology that people can be confident in.

Senator McLUCAS—The normal inspection process is that NATA provides advice to a laboratory that they are going to be there at a certain date. What is the lead-in time that you give the lab advice about?

Mr Trabinger—When NATA formally advise the HIC that the lab does not meet the standards—

Mr Sheedy—There are several different circumstances. A new laboratory will ask for accreditation. Obviously, there is plenty of warning of that sort of thing. Otherwise, there is a cycle of accreditation. It is currently a three-year cycle, so there would be preparation in advance of the three-year period and NATA would go in as part of their ongoing accreditation process. There is no element in the standard process of accreditation of spot checks or not having enough advanced warning. Pathology labs, through lots of mechanisms, are required to maintain high levels of awareness, alertness and good system monitoring to make sure that they are in a state to pass accreditation almost at any time.

As well as the NATA accreditation process, each pathology laboratory in each of the subdisciplines that practices is required to be part of an external quality assurance process, whereby it submits data to an external monitor. In many cases it is a body set up by the Royal College of Pathologists of Australasia. So it is another mechanism of ongoing presentation of data to an external body to assure that the quality of pathology being carried out in that laboratory is high.

Senator McLUCAS—So they get advice that there is going to be an inspection—I know it is not really called that—on an ongoing basis. You actually write to them, don't you, and say, 'We'll be there on this particular date.'

Mr Sheedy—We do not. It is a condition of—

Senator McLUCAS—Is it the college that essentially does the QA?

Mr Sheedy—It is a condition of access to Medicare benefits that a laboratory is accredited. The accreditation is performed by NATA to standards which have been developed by the National Pathology Accreditation Advisory Council, so the relationship in accreditation is between NATA and the laboratory. We need reassurance—or the HIC needs assurance—that that has all occurred in a proper way before Medicare benefits can be paid for pathology. So the ongoing relationship in any question of notice is between NATA and the laboratory. But, as I have said, there are a number of measures in place and we are developing more measures to make sure that we have a continuing flow of data and mechanisms which supplement the normal accreditation cycle to ensure that we are receiving good quality pathology services.

Senator McLUCAS—I might provide you with a copy of these articles and I would like some comment on whether or not what is being described is occurring.

Ms Halton—We might explain what the process is and what the role of the different bodies is.

Senator McLUCAS—And who, if anyone, would do spot checks.

Ms Halton—Perhaps if we can have that before we break, I am happy to return to the subject.

Proceedings suspended from 10.32 a.m. to 10.54 a.m.

CHAIR—The committee will return to questions on the PBS.

Ms Halton—We have had the opportunity to look at the two articles that Senator McLucas referred to just before the break about pathology. I thought we might just tie that off—is that all right?

CHAIR—That is fine.

Mr Sheedy—Those two stories both came out on the same day and cover the same issue. The story in the *Age* is rather more flat; the *Australian* talks about surprise checks, but in reading the text there is no direct quote from the minister about her intention to immediately institute surprise checks. I think what was happening was that the announcement of the legislative changes which were going through parliament to become effective on 1 January this year brought about a decreased period of time between NATA checks or the increased frequency of the reporting of the results. I do not think there was ever any intention to institute a formal program of surprise checks. However, as we said before, the HIC does have the capacity to ask NATA to perform surprise checks. There are a number of things that might trigger that, but they have not had occasion to do so thus far.

Senator McLUCAS—Are you aware that the sector thinks that they can have spot checks?

Ms Halton—In reality—

Senator McLUCAS—I do not speak for the whole sector, but certainly there are people working in pathology who think that that can occur.

Ms Halton—And it can. I think that is the point Mr Sheedy is making: spot checks can occur, and in the event that they are necessary they will occur. But we are not aware of an announcement that there would be an ongoing program of random spot checks. Our understanding of the policy—and the point that Mr Sheedy is making—is that one of these articles is slightly flatter and reports, basically faithfully, our understanding of the arrangement and the announcement. The other article puts a slightly different perspective in the opening paragraph but not in the form of any quote, and therefore we cannot go to the source of that particular comment from that particular journalist. Certainly our understanding, as we have outlined, is that it is certainly in the capacity of the Health Insurance Commission to ask for a spot check in the event that there is any concern.

Senator McLUCAS—I just do not how you would know that there might be concern if you do not do it.

Mr Sheedy—There are a number of things that might trigger a request by HIC for such action. In each state and territory there are medical boards, complaints commissions and an Ombudsman, and they would potentially be the sources—as well as the ongoing process I described before of providing regular ongoing reports and being part of external quality assurance programs in each of the subdisciplines of pathology. We believe there are a number of safety nets in place.

Ms Halton—I have a broader point to make about spot checking. Certainly our regulatory experience across a range of areas in the department is that a statistically generated random approach to spot checking is actually not as effective in finding parts of systems that are not performing and dealing with those, which motivates our approach to identifying risk factors in a number of our programs. For example, you would know that in aged care we have two levels of accreditation: one which is three years and one which is five years. In the manufacture of medicines we do the same sort of thing.

There are triggers that cause us to visit and/or review and/or consider the way a particular product is produced. I think it is appropriate that, in any of these accreditation arrangements, we design a system which is best able to ensure, firstly, that we know early if there is a problem and, secondly, that we tackle those problems, rather than having a kind of across-the-board approach that just says one in 25 get visited this year. You are less likely to find problems that way.

Senator McLUCAS—It may actually send a message to the industry that you are prepared to do it.

Ms Halton—I think the message that we are prepared to do spot checks in this industry is out there. Certainly, people should be of no doubt that, in the event that we do have concerns, those checks will occur.

Senator McLUCAS—I think the fact that we have done none is concerning. Anyway, let us leave it at that. Thank you.

CHAIR—Senator Allison has questions on the PBS.

Senator ALLISON—I want to return to the PBS community awareness campaign. I realise Senator McLucas has asked some questions on this, but there are some different aspects I need to go to. I will start with the purpose of the campaign, which is, presumably, to modify patient behaviour with regard to waste in prescription demand.

Ms Halton—We are having some trouble hearing, Senator. Perhaps the volume could be turned up a bit for us.

Dr Wooding—I did hear the question. We answered that question earlier. You will see in the transcript that we went through the purpose of the campaign.

Senator ALLISON—Yes, but I am confirming my understanding of the purpose of the campaign. It is just a yes or no answer.

Dr Wooding—Could you repeat it again then, Senator?

Senator ALLISON—Is the campaign to modify patient behaviour in order to reduce—

Dr Wooding—No.

Senator ALLISON—Then I do have to ask you that question.

Dr Wooding—Raising awareness is the main purpose of the campaign.

Senator ALLISON—For what purpose?

Dr Wooding—We have already answered that question.

Senator ALLISON—Yes, but what is the purpose of raising awareness?

Dr Wooding—Maybe it would be simpler if we went through it again. Allan, do you want to answer that again?

Mr Rennie—In broad terms, the purpose of the campaign is to raise awareness about the Pharmaceutical Benefits Scheme because research had shown that not many people in the community were aware of the government subsidy scheme for the PBS. That is one element of the campaign.

Senator ALLISON—What is the downside of a lack of awareness of the PBS? What is the problem the government is trying to overcome in that awareness campaign?

Mr Rennie—If I can move on, I will come back to that. The sustainability of the PBS is an issue, of course, for government and, without the community being aware of the PBS as a government subsidy scheme, one way of trying to address the sustainability concerns was to raise awareness. The campaign tries to make people aware that there is, in fact, a scheme out there that is heavily subsidised by the government and to increase people's awareness as to how their behaviour changes could assist, in a quality use of medicines framework, the sustainability of the scheme.

Senator ALLISON—Isn't that what I said? Aren't we talking about modifying people's behaviour? That is what I said in the first place.

Mr Rennie—Certainly modifying behaviour in terms of quality use of their medicines—for example, talk to your doctor regularly—

Senator ALLISON—Right, quality use; not wasting. Is that correct?

Mr Rennie—Yes, that is right.

Senator ALLISON—What studies has the government relied on in preparing those objectives? You have said that behaviour modification is related to the sustainability so therefore, presumably, we are talking about dollars. What work was done to identify that as an opportunity to improve sustainability, to put it in your terms?

Dr Wooding—As we said before, the community awareness campaign came as a result of a government budget initiative. Once that was announced in 2001, we followed it up in 2002 when we conducted qualitative research and also a study to measure community awareness of the scheme and knowledge about the PBS. As I have already advised Senator McLucas, the total cost of that work was in the order of $500,000. This research was largely into the awareness of what the public's entitlements were under the PBS.

Senator ALLISON—So at the point of deciding what that qualitative study should examine, on what were you informed? In other words, presumably that decision focused on this question of awareness?

Dr Wooding—Yes, that is correct.

Senator ALLISON—So why—

Dr Wooding—The government made a decision to correct this expenditure towards increasing community awareness of the PBS and these issues. We were taking our lead from what the government's decision had been.

Senator ALLISON—Right, I understand. What work has the department done on what is often referred to as intensive pharmaceutical industry marketing with regard to unnecessary use of prescription medicines?

Mr Rennie—There is another budget measure, and I mentioned it earlier this morning, where the pharmaceutical industry through Medicines Australia has changed their code of conduct to require the industry to—

Senator ALLISON—No, that was not my question.

Mr Rennie—Maybe you could repeat your question?

Senator ALLISON—My question was: what information has the department got about the claim that intensive pharmaceutical industry marketing is leading to unnecessary prescription demand?

Mr Davies—When you say 'demand', I assume you mean demand from patients for prescriptions?

Senator ALLISON—I just mean demand, not necessarily from patients.

Mr Davies—In terms of demand from patients, for that part of your question, I am sure you are aware that the direct marketing of pharmaceuticals to patients is illegal in this country.

Senator ALLISON—Yes, I am well aware of that. Does that suggest that there have been no inquiries into the value of unnecessary prescription provision, or demand—whichever way you look at it—from intensive pharmaceutical industry marketing? What work has been done

on looking at this question? I understand the protocols and whatever else, but what is the scale of the problem?

Ms Halton—If your question is, 'Have we done an explicit study of the impact of the volume of pharmaceutical advertising on the use of prescription medicines?' I think, subject to correction from my colleagues, the answer is no.

Senator ALLISON—Another area said to be responsible for the unnecessary prescription of medicines is doctors' prescribing habits. Can I ask the same question about that?

Mr Rennie—As I mentioned this morning, the National Prescribing Service has been contracted by the government to improve the quality of prescribing by doctors.

Senator ALLISON—I understand that you have a program in place to solve what might be perceived to be a problem. My question is: what is the scale of the problem, and what work has been done to establish what that scale is?

Ms Halton—Again, if the question is, 'Is there one single separate study on this issue?' I think the answer is no. Something I was going to say in relation to your last question, but which is probably more germane to this one, is that we are aware through a number of sources that there are occasions on which people may be prescribed either a less optimal product or perhaps too many products. In terms of the scale of that, that is a very difficult question to answer. As much as anything it goes to a clinical and value judgment. However, I think there is a moderately widely held view that we can improve the effectiveness of prescribing. Is there a quantifiable figure we can put down which is objectively based and uncontested? The answer is: I am not aware of one. Is there a view that we can improve prescribing to ensure that the person gets the optimal product and that the community gets value from prescribing? I think the consensus is yes. I think the point that Mr Rennie was attempting to make is that, in response to that consensus, the government has chosen to put in place a series of programs to ensure what is referred to generically as the 'quality use of medicines'.

Senator ALLISON—Thank you. There is a study which was referred to in an article published by the *Medical Journal of Australia* in October which suggests that there are no studies that show the relationship between unnecessary prescription demand and the cost of a prescription. The relationship is not clear, to say the least. Do you agree with that?

Ms Halton—I am sorry, I do not understand the point you are making. Could you repeat it and perhaps quote from the article directly?

Senator ALLISON—It is an article in the *Medical Journal of Australia*, which was published online on 20 October. It refers to the *Report on the Australian system of pharmaceutical financing and delivery. Vol. 1: Efficiency and equity implications of public versus private public funding of pharmaceuticals* by the Medical Technology Assessment Group. It is not actually a new study. It was done in 1999.

Ms Halton—What is the point it makes?

Senator ALLISON—The point it makes is that there is no evidence that the unnecessary prescription demand has a relationship with the cost of a prescription. There seem to be very few studies available that give us some insights into what leads to unnecessary prescribing, but was that study taken into account?

Ms Halton—We would have to have a look at this article. I think the point that you just made from that article is that the volume of unnecessary prescribing is unrelated to the cost of the script, which strikes me as being a different point. If I understand your quote from that article correctly, it is that an unnecessary script is not in any sense predicted by its cost. Is that the point that the article is making?

Senator ALLISON—That is correct. And yet the community awareness campaign stresses the cost of pharmaceuticals, does it not?

Ms Halton—Yes. My point to you in relation to your first, or second, question was that there is a consensus that there are a proportion of scripts that may perhaps not be necessary and that, while we did not have a quantification of that, the point of this campaign was to ensure that we actually have quality use of pharmaceuticals. So whilst I cannot comment on that particular article I do not think it is contrary to the objectives of this particular program.

Dr Wooding—Any script that might be deemed to be unnecessary is obviously going to have a cost. How high the cost is is not the only issue at stake.

Ms Halton—And costs in this area, we should all be aware, are not just a cost to the Pharmaceutical Benefits Scheme. For example, we know that polypharmacy—the receipt of too many scripts and the consumption of too many products—which is not uncommon in elderly people, regrettably, can lead to episodes of hospitalisation which are unnecessary. It can also lead to significant levels of confusion. We could go on and on with those kinds of examples.

Senator McLUCAS—But you have a program to deal with that.

Ms Halton—Yes. The point that we are making here is simply that this particular initiative is about reinforcing the quality use of medicines.

Senator ALLISON—The article I referred to says:

By neglecting to inform the public that the pressures facing the PBS also include doctors' prescribing habits and intensive pharmaceutical industry marketing, the campaign has missed an opportunity to initiate a balanced and constructive debate about the future viability of the PBS.

Do you accept that criticism?

Ms Halton—We note it.

Dr Wooding—The campaign was focussed on informing the public about their own role in relation to the scheme and increasing their awareness of what the scheme delivers to them and how they participate in it. They are the issues.

Senator ALLISON—In relation to their own role, what evidence is there—and I think the former health minister mentioned this a number of times publicly—that people are stockpiling, which is one of the behaviours which is problematic for the cost of the PBS? What are the estimates that have been done by the department on the number of people who would engage in stockpiling and what the dollar value annually might be from that behaviour?

Mr Rennie—We have not got that level of detail of information. There has been research undertaken about the community's attitude towards stockpiling of medicines, and as a result of that that was one of the components of the campaign.

Senator ALLISON—Who was that research conducted by?

Mr Rennie—It was conducted on behalf of the department. The Health Insurance Commission has also independently done some research about that as well, I understand.

Senator ALLISON—Is that available to the committee?

Ms Halton—As I said in relation to a question earlier on today, the standing policy in relation to research that is under use is that it is not made available; it is not released.

Senator ALLISON—So it is not released and you cannot give us any estimates about the extent of the problem?

Dr Wooding—Hang on; we have some.

Mr Rennie—I could give you a broad outline of the outcome of that research and what it was showing. Maybe that could be taken on board together with the overview of the other research that the secretary has undertaken to provide as part of our answer to an earlier question.

Senator ALLISON—Okay. So we cannot see the study but you can tell us bits about it.

Dr Wooding—That is right.

Senator ALLISON—Okay. What bits cannot you tell us about?

Dr Wooding—It is a question of the release of the entire report. We can give you a precis of some of the findings of the report but we cannot provide the entire report to you, because it is still in use.

Senator ALLISON—All right. So in regard to those two questions I asked is it possible to tell us about those?

Mr Rennie—The Health Insurance Commission commissioned social and quantitative research into the use of the PBS safety net arrangements, and in the course of that research stockpiling was taken into consideration. The research involved a sample of 1,000 adults throughout Australia and was comprised of a combination of computer assisted telephone interviews, focus groups and in-depth individual interviews. The outcome of that research showed that 25 per cent of individuals stated that stockpiling was 'acceptable' or 'totally acceptable'. The research indicated that there was not one but several distinct groups of people who access more medications than they currently need, and they do so with a varying motivation. If you want me to go into the groups, there were those who ensured that they have at least one additional packet of a medicine on hand for use after their current pack runs out. This group of respondents consider this not to be stockpiling but merely to be a sensible way of managing their medications.

Senator ALLISON—Does the department regard that as a sensible way of managing medications—to have one packet on hand for use as the other runs out? Is that regarded as stockpiling, or is that something else?

Ms Halton—Are you asking for a clinical opinion?

Senator ALLISON—No, I am asking for a policy response regarding an answer to a survey.

Mr Davies—There would certainly be some products where, for safety reasons, having more than a necessary supply of that product on hand stored in a domestic situation would be of some concern.

Senator ALLISON—So one packet might be inappropriate in some circumstances and not in others.

Mr Davies—There are rules, which Mr Rennie can probably tell us about, regarding the maximum volumes in which products are routinely dispensed. Patient safety is one of the factors underpinning those guidelines.

Senator ALLISON—I take your point about that; I am sure you are right. What are we trying to glean from a question that says: 'Do you have one packet on hand for use after what you are on runs out?' What is the point of that question—informing us about the danger of stockpiling, or the cost of stockpiling?

Mr Rennie—There are risks, as Mr Davies is pointing out, of having excessive supplies on hand in a home. There are not only quality use of medicines issues—of medicines getting out of date and therefore becoming less effective—but concerns about children having access to medications that are lying around the home. Those types of issues are certainly of concern from the quality use of medicines perspective.

Senator ALLISON—I understand that. So, what is the point of that question about having one packet on hand? I am sorry to labour this. I am just trying to understand how informed the minister's statements are by this survey.

Mr Rennie—Senator, would you like me to go on to the next group?

Ms Halton—Senator, I do not think we are in a position to make any comment about what may or may not have informed a minister's comment. Our last minister was in the habit of reading extraordinarily widely, consulting with a range of professionals and talking to everyone—from pharmacists to people whom she happened to come across in a queue in a Medicare office. To say that we can distinguish whether one particular question informed her views on something—

Senator ALLISON—No, I am not asking you for that; I am asking you for information about the study.

Mr Rennie—The second group of respondents were those who routinely have a number of different packets active at the one time at different locations. This was particularly common in families with children on medication where it was necessary to have medication maybe at the school as well as at home—asthma medication, for example. The third group, which is probably of most concern, are those who admitted getting extra medications because they can, and because the medications are free or cheap once they reach a safety net. These people build up a supply to take advantage of the safety net, acknowledging that they are stockpiling. Of course, we have the risks associated with stockpiling with that group.

Senator ALLISON—What percentage of people gave an alarming answer to that question?

Mr Rennie—I have not got the details of the percentages.

Senator ALLISON—You gave me an earlier one—that 25 per cent said that stockpiling was acceptable.

Mr Rennie—Or totally acceptable—that is right. Included in that 25 per cent are these people—of those three groups, a subgroup. I have not got that detail.

Senator ALLISON—It would be interesting to have that if possible. Was there a question that flushed out the issue of the safety net and the fact that that relates to a calendar year? Were you able to glean any information as to what that calendar year does by way of changing behaviour?

Mr Rennie—I am afraid that the limit of the information before me at the moment is that brief summary that I have been able to provide you up until now. I would have to take on notice any further questions on more detail around that.

Senator ALLISON—It may be that that question tells us what we wanted to know on that subject.

Mr Rennie—There may be someone from the Health Insurance Commission here who could provide more information, but I think it might be better to take it on notice. It is a very detailed question to get into now.

Senator ALLISON—Is that what we are doing?

Mr Rennie—It looks like we are taking it on notice, if that is okay.

Senator ALLISON—Thanks.

Senator McLUCAS—I understand that the MBS safety net figure was indexed on 1 November. Is that right?

Mr Davies—No, the rebate was indexed on 1 November.

Mr McRae—The safety net, because it relates to a full year, is indexed on 1 January.

Senator McLUCAS—On 1 January?

Mr McRae—Yes. It is a calendar year, like the PBS, which was mentioned a moment ago. So we have to set the threshold every year.

Senator McLUCAS—So the total amount is changed on 1 January for the calendar year ahead?

Mr McRae—That is correct.

Senator McLUCAS—Do we know what that will be—because it relates to the rebate?

Mr McRae—It will be $319.80 plus 2½ per cent—and I am sorry that I do not know what that is.

Senator McLUCAS—That is fine. And that has been indexed since 1996. Is that correct?

Mr McRae—It has been indexed for a long time.

Senator McLUCAS—Forever. How many people reach the MBS safety net every year?

Mr McRae—In the last year for which we had numbers, it was approximately 18,000 families and individuals—because people can get there either as families or individuals.

Senator McLUCAS—Can you confirm to me the process by which people register for the safety net?

Mr McRae—My understanding is—and the Health Insurance Commission people may correct me—that, fundamentally, as an individual you do not need to register; the commission can just keep track of how much you as an individual are spending. As a family, you actually have to go into an office and fill in an appropriate form, identifying the structure of your family.

Senator McLUCAS—I think I understand, but can you explain why a family has to identify themselves as a family?

Mr McRae—Because the Health Insurance Commission have no knowledge of family structure. They have approximately family structure on the Medicare cards, but people do all sorts of things—one of which is that they do not keep their cards quite up to date. Families form and re-form in all sorts of ways. Children can stay on the Medicare card but become independent, or families break up but stay on the one card. All sorts of things happen, and the only way that the commission can keep track is for a family to actually register and tell them who they are.

Senator McLUCAS—You said that 18,000 families reached the safety net last year.

Mr McRae—Families or individuals.

Senator McLUCAS—Can you—and you will probably take this on notice—break that into how many individuals there were and how many families? Do you know that, Mr McRae?

Mr McRae—I certainly do not know that, but we can find out.

Senator McLUCAS—Thank you. Could I get some data back from 1996 until this year on a calendar year, given that it works on a calendar year, on the breakdown of the number of individuals and the number of families that have triggered the safety net provisions?

Mr McRae—We will take that on notice.

Senator McLUCAS—Just in ballpark figures, how many are we talking about for individuals?

Mr McRae—I am sorry, I do not have that number in my head, nor do I have it here.

Senator McLUCAS—I want to turn now to the registering process. I am trying to get an understanding of how many people register and when they register. How does that work? Do people know that they have to register and keep registering every year? What is the general use of the MBS safety net?

Mr McRae—There are two sides to that. When a family registers they basically stay registered indefinitely. The way the commission processes it is, if they see a family is going close to the safety net limit, they will write to that family saying, 'Are you still a family as you registered last year?'—or whenever—'Please tell us about that.' So families register when they think about it and, once they are registered, they stay registered more or less indefinitely.

Senator McLUCAS—Do we have any data on the number of people who register too late? There is no retrospectivity to registration, as I understand it.

Mr McRae—There is retrospectivity in adding up whether you have moved towards the threshold, because whether you have moved towards the threshold depends on your expenditure from 1 January of that year. But there is no retrospectivity of payment. So somebody who had $350 instead of $319 when they registered would not get any credit for that $30 in between. I do not that if there is any information on that, I would have to ask John. We can track that down for you.

Senator McLUCAS—If we could find out how many people register after they have actually met the threshold, that would be useful. Do we know how many families register but do not reach the safety net?

Mr McRae—By subtraction, that is a very large number. Over a period of time, because the registered families stay on the register, we will have an enormous number of families registered with the system, while only the 18,000 actually got there. I think there is in the order of a million families altogether listed on the system now from over the years.

Mr Davies—The other point is that they may no longer be families. They were a family unit at the time they registered; they may have transmuted.

Senator McLUCAS—So we have about a million families registered?

Mr McRae—That is correct. I think it is in the order of a million families.

Senator McLUCAS—Do we have any way of ascertaining the amount of money that a family registering late in a calendar year may have missed out on? I go to the point you made just before.

Mr McRae—In counting for you the number who registered too late we must be able to look at how much they missed out on by registering too late. We can take that on notice too, if you wish.

Senator McLUCAS—Thank you. Given that it operates on a calendar year, is there a peak time when families tend to hit the safety net threshold?

Mr McRae—I cannot answer that. I do not know whether people from the commission can.

Mr Davies—Logic would suggest that it would be very low in the first few weeks of the year and then would just grow steadily through the year as peoples' payments from MBS services build.

Senator McLUCAS—Given that it operates on a total calendar year, and not on a moving 12 months, is there a time when we tend to hit the threshold as a community?

Mr McRae—We understand the question, and we can find that out for you, but it is not something that we have done so we do not have the material with us.

Senator McLUCAS—I do not want to put you to work that is not going to be useful, but if you could map the months—

Ms Halton—I suspect it is linear—as in it just grows after the first few months. If it is something that is not that, how about we come back to you?

Senator McLUCAS—If it is possible—for example, by simply pressing a button on a computer—could you tell me the number of families who hit the threshold in which months of the year.

Ms Halton—We can tell you that.

Senator McLUCAS—If that is easy, then that would be useful. Can we disaggregate the costs that people who hit the threshold have in terms of GP costs, specialist costs and out-of-hospital costs? Is that possible to do?

Ms Halton—That is a very big piece of work. You would have to go back and have a look at individual patient records. That is a seriously large exercise.

Senator McLUCAS—Is there some way of getting an indicative proportion between the types of costs? I acknowledge—

Ms Halton—Can we take that on notice? I do not want to commit to doing what might be a very significant piece of research work, which I suspect that is. If it is easy to answer, we will answer it. Otherwise, we will come back and tell you.

Senator McLUCAS—I would use the information in that vein, but if you could indicate what percentage of costs are GP related, specialist related and out-of-hospital related—

Ms Halton—We will see what we can do without going through all the unit records.

Senator McLUCAS—Thank you.

Senator LEES—Just looking at the advertising or the notification of the safety net so that families know they have to register—and I am not advocating another mass television campaign or anything like that—

Senator McLUCAS—There is $13 million just sitting there.

Senator LEES—I do not remember even seeing up in a GP surgery a reminder that if you are a family unit you will need to register in order to tap into the safety net or indeed something saying what the safety net is. What sort of message do you get out there to the families about them having to register?

Ms Halton—It might be that your GP is not like mine but I have to say I took my 14-year-old to the GP surgery a matter of two weeks ago and there was a great big poster sitting in front of me as I waited—

Senator LEES—So you do do that already? That is available?

Ms Halton—and I made a mental note of it. We do it in the Health Insurance Commission offices. It is in a series of other publications. I think it may be a question of what you are attending to and perhaps not every surgery is as diligent. But I have literally seen one of those just recently.

Senator Ian Campbell—I have been into three lately, thanks to hurting my knee as a result of a snowboarding injury, which is Stephen Conroy's fault for encouraging me to go snowboarding. Because I knew of my new responsibilities, I was probably paying attention to these things and I saw two in Canberra and one in Perth all in the last three weeks. So the message is getting out there.

Senator LEES—Thank you.

Senator Ian Campbell—I think I am ready for the safety net.

Senator McLUCAS—While there a million people on the register, how many people are registering every year?

Mr McRae—We will take that on notice.

Senator McLUCAS—Thank you.

Senator LEES—I go to practice costs. I am looking at the GP Red Tape Task Force that started in 2002 to look at the general imposition that the federal government has on GPs to fill out bits of paper, whether it is for Centrelink or for something else. Indeed, everything from universities onwards, I understand, now requires medical certificates. Where is that up to? Can you report back on that?

Ms Halton—You would know, I assume, that the GP Red Tape Task Force is an initiative that is reporting to both the Minister for Health and Ageing and the Prime Minister. A secretariat has been established, which is being run by an officer from the Department of the Prime Minister and Cabinet. That secretariat comprises officers taken from most of the agencies that have interests in and/or interactions with general practitioners and, for that matter, specialists. There are officers from my department, there are officers from the Health Insurance Commission, there are officers from Centrelink and FaCS et cetera.

That task force is operating physically out of my department. It reports to a steering committee of secretaries and CEOs. It has established a series of regular consultations and meetings with general practice and with representatives of doctors. The task force has released a couple of discussion papers. It is in the process of seeking views of doctors about which of the kinds of areas and initiatives that they have been highlighting to the task force they see as being priorities for immediate action. Our expectation at the moment is that the task force will report back to government probably either in late November or early December. It is also our expectation that the steering committee will meet jointly with the representatives of doctors on, I think, 24 November—of that order.

Senator LEES—So we are getting fairly close to having a direction on what needs to be done?

Ms Halton—That is our hope. Essentially, an exercise like this can be enormous if you choose to let it be so. It has been given a particularly defined time frame in which to come back to government and to say: 'Here are the top seven or eight bugs in doctors' working lives. Here are the things that we think you can do about those.' Obviously, some of those will come with a cost. Some of them will come with other implications, which may or may not be palatable. We hope to discuss on the 24th—this is my expectation—with the representatives of doctors how to best recommend to government that we implement some of the measures or give them advice about what would be best. The kinds of issues that they have been raising—and you have rightly hit on a number of them—are things like treating doctors' reports and medical certificates. It transpires that there are more forms of medical certificates—

Senator LEES—This was raised with us in the recent Medicare inquiry as part of the overall costs that GPs are now facing. The question was raised whether, for example—and

this perhaps comes back to an earlier question on nurses—with some of these issues, once the doctor has given a yes, the paperwork could be done. So are you looking at those issues as part of other support mechanisms that doctors can have?

Ms Halton—With regard to the issues that have been raised with the task force at the moment, the practice nurse issue, to my knowledge, has not been high on the agenda. I have seen a list of the top six or seven—in fact, it is probably a longer list than that—things that doctors have said are priorities, most of which, I have to tell you, look moderately sensible to me. Some of them may not be affordable. But, in a clear identification of the issues that bug them, that one has not been at the top of the list. It very clearly has potential, but will it be addressed in the context of the GP Red Tape Task Force? At this point I would say it is probably less than likely, but we do have a way to go yet.

Senator LEES—Let me take that a step further. Have you done any work, or are you doing any work, on overall practice costs, which, from talking to GPs, seem to be steadily rising? In particular, have you broken that down at all to look at outer metro, rural and regional areas, where, it seems, there are more and more expectations on those GP practices to have up-to-date equipment that in city practices is at the nearest hospital? Has any work been done on what doctors seem to feel is a growing need to keep up? I think litigation is probably driving some of this, but they feel a need to keep up particularly with hardware but also with extra software. The whole issue of IT is adding to the cost of running a practice.

Ms Halton—That question has a whole series of components. I will take a couple, and will ask Mr Davies to make some comments on the others. You asked whether the GP Red Tape Task Force are explicitly disaggregating practice costs and looking at the drivers. The answer is no. Are they, however, looking at a couple of items that could legitimately be regarded—and very probably would be—as drivers? The answer is yes. The things which are obvious there are IT related. For example, could you actually streamline practice costs and reduce administrative overheads if the world were more integrated in an IT sense; if, for example, some of the Centrelink forms were available electronically so you could just strip out of your database the information, slot it into a form and send it off?

Senator LEES—The databases do not even seem to match.

Ms Halton—No; exactly.

Senator LEES—What they need to tap into one is different to what they need to go into another.

Ms Halton—Exactly.

Senator LEES—So that is all being looked at?

Ms Halton—Those issues are being looked at. The reality is that we cannot wave a magic wand over a panoply of approaches and systems and fix them overnight. But are we looking to develop a strategy over the medium term about how you might enable all of that? The answer is yes. Are we also looking at the aggregate demand on practices from administrative burden and government overhead, the stuff that drives small business mad? The answer is yes. Clearly, there are things about the way government administers its programs. I have been in the habit of describing this as sedimentary layers: someone has a good idea and introduces a

program, and it comes with a bunch of administrative overheads, someone else has a good idea and introduces a program, and it also comes with a bunch of administrative overheads—we could go on, layer on layer on layer. At some point you have to drill down and ask whether there are some common elements to all of these bits of administrative overhead. The answer, almost invariably, is yes. Could you streamline that so you that you only fill in one form? Answer: very probably yes. The issue for government is that it invariably comes with a systems implication, because you can bet your bottom dollar that for every program there is a system. So we are looking at all of those things. There are other issues, though, that I think your question goes to, which Mr Davies might like to comment on.

Senator LEES—I want to move beyond the Red Tape Task Force and look more generally at costs. I have not got it amongst my papers, but apparently the department has come up with the average cost for a GP who is on his or her own and for GPs in two-person and three-person practices. It obviously goes on for a while as to the ideal model as far as sharing costs is concerned. I want to break that down and look at what you considered and at whether you looked at inner-city, outer metro and rural and regional areas.

Mr Davies—I am not aware that we actually broke it down by geography. In the data that we tabled to the Senate Select Committee on Medicare, we looked—as you have observed—at the cost per doctor in one-, two- and three-doctor practices. The costs range from $127,330 in a one-doctor practice down to $113,500 in a three-doctor practice. That is as at the end of December 1999. I am not aware of any analysis that would actually break it down by practice costs in urban as opposed to rural areas. One is aware that there are countervailing pressures in the sense you would expect that accommodation and office space costs, for example, would be more expensive in the city areas, but on the other hand rural GPs have told me that they face greater telecommunication costs, travel costs for continuous professional education and so on. I suspect there are factors at both ends of the spectrum that would be, in some sense, abnormal but they probably cancel out across the two.

Senator LEES—So there is no-one in the department looking at how these issues can be dealt with to take some pressure off GPs and provide some support for some of those items that are obviously—

Mr Davies—The Red Tape Task Force, which the secretary has just described, is obviously a major effort in that direction.

Senator LEES—But, rather than doing it through item numbers, is there a rural loading for practices to cover some of the actual items that they are required to purchase?

Mr Davies—I think I am correct in saying that some of the Practice Incentives Program payment items are increased in rural practices.

Senator LEES—You are looking are the PIP as part of the Red Tape Task Force—

Ms Halton—Yes.

Senator LEES—so that would bring some of that into—

Mr Davies—PIP has a cost in terms of red tape, but it is also a program where the level of payment is higher in rural and remote practices.

Ms Halton—Senator, I think you are aware—because we have covered it in multiple previous estimates—that we have a number of initiatives that support practice costs, particularly in rural regions, precisely because there is an acknowledgement that there are real pressures faced there. Have we broken that down by the cost of a piece of equipment? No. Are we conscious that there are pressures, particularly on country doctors? Yes, and there have been very visible steps to support those practitioners. As Mr Davies has indicated, one component of the PIP is, quite specifically, a rural loading. One of the things that we have been conscious of in the GP Red Tape Task Force review, which includes the approach to PIP and EPC, is that PIP and EPC are very deliberate ways of supporting not only good clinical outcomes in immunisation, cervical screening et cetera but also the costs of practitioners in regional Australia. One of the things we have to be conscious of is that, in adopting any approach that streamlines the paperwork that people find burdensome, we do not lose those benefits and objectives that we think we get good outcomes from.

Senator LEES—I have one final question, although it actually starts tapping into the issue of medical indemnity. Have you looked at those increased costs, particularly in rural and remote areas, where GPs tend to be multiskilled and are still delivering babies and, therefore, their medical indemnity has increased? In some cases in South Australia it has multiplied three or four times.

Ms Halton—As you would know, in its approach to medical indemnity—and we can cover this in more detail later—one of the things that the government has done is ensure that we give particular weight to, for example, GP practitioners in the subsidies that are provided precisely because we know that GP practitioners are much more common in the bush and you need to actively support those people to maintain their skills and to continue to practice. So, is that an explicit country loading? No. Does it recognise the problem? Yes.

Senator LEES—Thank you.

Senator DENMAN—This is my PET subject, positron emission topography! Other than those who received assistance through the Patient Travel Assistance Scheme, are statistics available on the number of Tasmanians who travelled to Victoria and to other states and territories for a PET scan in 2002-03, up until now, for the separate states?

Mr Sheedy—We did answer the question after the last estimates in relation to the people who had those.

Senator DENMAN—I know. Some of the answers were very vague.

Mr Sheedy—Yes. I think the short answer, again, will be that, other than those people for whom the state has subsidised travel and accommodation, we do not have data for people from Tasmania or any other state travelling interstate to have PET scans.

Senator DENMAN—Why?

Mr Sheedy—I have just been advised that we might be able to derive it—

Senator DENMAN—I would have thought so.

Mr Sheedy—from postcode data and give you a better picture of those people who are receiving PET treatment. So those who come from interstate postcodes would show up.

Senator DENMAN—Thank you. Can you also give me data for those who have travelled under the patients travel scheme?

Mr Sheedy—You would be able to contact our state colleagues and get that information, I would imagine.

Senator DENMAN—Has the government undertaken a review of the provision of PET scanners? In particular, has the government reviewed its decision not to provide one in Tasmania, or is it looking at that?

Mr Sheedy—A decision was made a couple of years ago about the provision of PET scans in Australia, and that decision was to investigate the effectiveness, cost-effectiveness and safety of PET in Australia over a trial period, which is due to end in 2005. During that period a fixed, small number of PET scans were to be funded, with access to the MBS to enable data collection to occur. There has been no subsequent decision. That process is still going and the evaluation should be complete by the middle of 2005, after which the government will make a decision about ongoing access to PET scans.

Senator DENMAN—So that information is going to be available in 2005. Is that looking at states individually—at states where there is no PET scanner, like Tasmania—or is it looking at them overall?

Mr Sheedy—The data collection, evaluation and investigation that is going on at the moment is looking into the clinical effectiveness, cost-effectiveness and safety of PET scans in the diagnosis and subsequent treatment of patients in Australia. It is not a review of the regional distribution of PET scans. Although this is very promising technology, there is no good, strong evidence that it meets those criteria I mentioned before of effectiveness and cost-effectiveness. Having made that step, it will then be up to the government to consider where and how it might like to fund access to PET scans in the future.

Senator DENMAN—Do you know whether the government is—I am sure they are, and you people would be aware also—of the research undertaken in this area by Professor McManus and his associates at Peter McCallum Cancer Institute in Melbourne?

Mr Sheedy—I am not aware of the study.

Senator DENMAN—It was referred to in an answer that I got recently.

Mr Sheedy—In that case, I ought to be. Any studies that become available during the course of the evaluation will be taken into account as part of the evaluation which is being conducted by the Medical Services Advisory Committee. The data collection is being oversighted by that committee, the clinical protocols have been developed by that committee and the information will eventually be considered by that committee, alongside other information about the effectiveness of PET coming from Australian and international studies.

Senator DENMAN—Let me be sure of this: they are revisiting all the studies that are being done—is that what you are telling me?

Mr Sheedy—I will seek some advice from someone on the MSAC secretariat. I can confirm that any evidence that comes to light during the course of the investigation will be taken into account. The Peter McCallum Cancer Institute is one of the PET providers included in the trial arrangements and the data collection.

Senator DENMAN—My next question goes to the treating doctors report.

Ms Halton—In what sense?

Senator DENMAN—As far as Centrelink is concerned.

Ms Halton—We can only give you limited answers on that issue, because that is not a matter for this portfolio.

Senator DENMAN—It was asked in this portfolio last time. I asked it last time.

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

Senator DENMAN—Has the department or the minister issued guidelines to doctors to indicate under which circumstances a provision of a report for Centrelink purposes will be paid for by Medicare?

Mr McRae—To my knowledge, no letter has gone out to doctors or anything like that. In the Medicare Benefits Schedule book, which is published every November, there is a statement that reflects upon how the payment for any reports provided for social security, Centrelink, should be accommodated.

Senator DENMAN—You are aware of this I am sure, because I have had representations from many doctors in my region about the amount of time it has taken them to do these reports. Have you looked at that?

Ms Halton—That goes to the question that Senator Lees was asking earlier about the Red Tape Task Force. That is one of the issues currently being examined by the Red Tape Task Force. The government is aware that there is a strength of feeling amongst doctors about treating doctors reports, and that is an issue that is currently being considered in that context.

Senator DENMAN—Sorry, I was not listening when Senator Lees was asking her questions. Is it undertaking to look at the financial disadvantage for the clients in obtaining the report? Is that part of all that?

Ms Halton—It depends on what you mean by financial disadvantage. The issue that doctors have brought forward to the Red Tape Task Force is the question of remuneration and the arrangements under which they are, or are not, paid in respect of filling in treating doctors reports. That issue is being addressed. I cannot guarantee what the outcome will be, but the issue is on the agenda. It is going to be examined and is being discussed with doctors almost as we speak.

Senator DENMAN—So you will advise us.

Ms Halton—Absolutely.

Senator McLUCAS—Regarding the Centre for Health Economics Research and Evaluation—CHERE—report, when was CHERE commissioned to do that work?

Mr Davies—It was in September. It is not when I thought it was. If you can move on, I will ask one of my colleagues to check the brief on that.

Senator McLUCAS—Thank you. How was CHERE selected as the appropriate organisation to do the evaluation?

Mr Davies—The department maintains a panel of providers of health economic services, and providers of those services have been pre-qualified, pre-screened, for their levels of professional ability, cost and so on. They were also the providers who were able to respond in a reasonably quick time frame to our request without us needing to go through a formal second tendering process. They had, if you like, pre-tendered. It is a mixture of availability and skills to do the job from the people on that panel.

Senator McLUCAS—So you rang the people on the list and—

Mr Davies—We looked through the people on the list, and they stood out as the people who had the best match of skills to the task required and who were able to do it in the time available.

Senator McLUCAS—Could we have a copy of that list?

Mr Davies—Yes. We can table that later today.

Senator FORSHAW—Who made the decision to commission the research?

Mr Davies—That was departmental officers.

Senator FORSHAW—Who?

Mr Davies—The recommendation would probably have come up from the branch concerned, and I gather the First Assistant Secretary, Mr Stuart, was the person who actually exercised that delegation.

Senator FORSHAW—What do you mean by 'come up from the branch concerned'?

Mr Davies—We recognised that the Australian Institute of Primary Care, which are due to report to the Senate committee which had commissioned their work, could be going into technical areas of detail and sophisticated econometric modelling which are not at the level of specialist skill that we have in-house. Therefore, we thought it was appropriate to get some relevant experts to advise us on the methodology that might be used by the AIPC.

Senator FORSHAW—You keep saying 'we'. Was there any ministerial or governmental request for this research?

Mr Davies—Categorically no. It was a departmental decision to commission this work.

Senator FORSHAW—'Categorically no' is a stronger 'no' than 'no'.

Mr Davies—Sorry—no. The contract was signed on 17 September.

Senator FORSHAW—So nobody from the government or the ministry requested this research to be undertaken? Your answer to that is no?

Mr Davies—From the department, yes.

Senator FORSHAW—Did anybody from government—the executive—ask the department or seek any response from the department about the proposal that had been approved by the committee and the Senate to undertake this research?

Mr Davies—Are you talking now about the AIPC research?

Senator FORSHAW—The research that was undertaken by the AIPC—Institute of Primary Care—for the Senate committee. What I am asking is: when that decision was made,

was there any response to that decision, any advice sought from the department, about how the government might respond to that report?

Mr Davies—I do not recall there being any such discussion. We would have to check.

Senator FORSHAW—The initiative to get CHERE to undertake this research was an initiative of the department.

Mr Davies—Entirely, yes.

Senator FORSHAW—We would like to know the date on which the research was commissioned—

Mr Davies—The 17th.

Senator FORSHAW—I would also like to know when the decision was made to commission the research. I presume that was prior to your selecting the organisation to do it.

Mr Davies—There is no decision until the delegate signs the contract, which was 17 September.

Senator McLUCAS—But it was some days or weeks prior to that that discussions were being had.

Mr Davies—There would have been discussion about the possibility of commissioning such work.

Senator FORSHAW—Why was the decision made? Why did you believe it was important or necessary to commission this research into the research done by the AIPC?

Mr Davies—During the deliberations of the Senate committee, we were asked on at least two occasions, to my recollection, what modelling work the department had done to examine or explore any potential inflationary impact—which was the theme of the AIPC review. We had explained to that committee, on more than one occasion, I think, that our analysis suggested there would be no inflationary impact, and that assumption was implicit in the costings produced, which were signed off—as I think I have already explained in the other forum—by the Department of Finance and Administration in the normal way. Therefore, once we became aware that AIPC had been commissioned to answer a question which we did not consider needed to be answered, then, as I was saying a moment ago, we thought, 'The committee is going to outside experts. There may be modelling techniques that we do not have available in-house'—

Senator FORSHAW—It would be like pre-emptive damage control. Is that what you are talking about?

Mr Davies—I would think it was just saying that we wanted to make sure that we have the knowledge available to us to understand and interpret the work which came out from AIPC.

Senator McLUCAS—Have you got a copy of the terms of reference?

Mr Davies—I have that here, and I can table that.

Senator McLUCAS—So you could draft up the terms of reference prior to the report being received.

Mr Davies—I am sorry?

Senator McLUCAS—You could draft the terms of reference prior to seeing—

Mr Davies—Precisely, because it was looking at methodological issues rather than the specific content of the report at the time.

Senator FORSHAW—I am not sure if it is included in the terms of reference but, if it is not, could we also be provided with a copy of the actual request or commission that was given to CHERE, precisely telling them what they were to do?

Mr Davies—It would have been something with the terms of reference attached, but we can find what had the terms of reference attached.

Senator FORSHAW—We would like a copy of that.

Senator McLUCAS—What was the cost of the commissioning of the research?

Mr Davies—It was $21,560, including GST.

Senator FORSHAW—What was the arrangement made with CHERE about how this research would be used?

Mr Davies—The contract between the department and CHERE contains a clause which I will quote to you. It says:

Any written material resulting from the project will be available exclusively to the Department to publish or not publish as it deems appropriate. The consultant will be able to draw on the intellectual property for its own use in further work. The consultant will be acknowledged as author of any resulting report in any public use of the material.

I understand that is a fairly standard clause when we commission similar work.

Senator FORSHAW—Did you contemplate that maybe this would have been of some interest to the Senate committee which was undertaking its inquiry—I cannot say precisely the dates at this time, because we need further information from you—and in the process of deliberating on and preparing its report? Given that the research the department had commissioned was clearly intended to be, and ultimately was, a critique of the research that was finally provided by AIPC—which was done for the committee and published along with all the other submissions—it would have been appropriate for you to have undertaken to provide that research to the committee.

Mr Davies—In effect, it was provided within a very brief time. We received the report from the consultants on 23 October, which was a Thursday, and the minister released it on 26 October—just three days afterwards.

Senator FORSHAW—Why didn't you tell the committee that you had decided to undertake this research? The department had made a submission to the committee. We had raised these issues during the proceedings in the public hearings. Following the decision of the committee to undertake research on a specific issue, the department then decided to commission research to critique the findings of that research, and you did not tell the committee about it. Why didn't you?

Mr Davies—I have a point of clarification. If you read the terms of reference, I would not say they are seeking a critique; they are seeking methodological insight.

Senator FORSHAW—I use the term in the academic sense and not necessarily meaning that it would be intended to be critical. But it was clearly commissioned in the light of the committee's decision to get the AIPC to do some research, and then you commissioned research on the same or similar issues.

Mr Davies—As I say, our terms of reference are very dissimilar to the terms of reference provided to the AIPC. That work was commissioned to provide advice to the department and, ultimately, to the minister as part of our normal advisory policy making, policy deliberation processes.

Senator FORSHAW—This was prompted by a decision of the committee during its hearings and deliberations and before the committee's report had been tabled in the Senate. It says:

The consultant will be required to:

(a) provide comment in a time period agreed between the consultant and the Commonwealth on the methodology used in the report to the Senate Select Committee, and

(b) if required, provide a written report summarising their advice.

I ask again: why did you not think it was appropriate that the committee be advised that the department was undertaking that research?

Mr Davies—Because we saw it as part of the process of building our knowledge base so that we could form a view on the AIPC report.

Senator FORSHAW—But you did not think that it was appropriate that the Senate committee inquiring into this issue should have the benefit of your knowledge base, given that what was at issue throughout the proceedings was the extent of the knowledge base of the department and the government.

Senator Ian Campbell—Mr Chairman, the officer has already said that the information—

Senator FORSHAW—We do not need your intervention, Minister.

Senator Ian Campbell—that was gained from that process was provided to the committee at almost the same time as the government got it.

Senator FORSHAW—It was never provided to the committee.

Senator Ian Campbell—It was. It was made public. It was provided to the whole world.

Senator FORSHAW—It was not provided to the committee as a submission, and it was certainly made public—

Senator Ian Campbell—It was after your submissions had closed, Senator. Your submissions had closed many weeks before then. It was on the eve of your making the report.

Senator FORSHAW—That is right. It was made public after the majority report had been prepared by the committee.

Senator Ian Campbell—That is an issue for the committee, not for the government. The committee and the parliament set your reporting date, which I think was extended a couple of times. The government does not set that. In fact, the committee inquired for 19 weeks. It was one of the longest committee inquiries in the history of the Senate.

Senator FORSHAW—And this department decided to undertake research at the very death knell of that inquiry. What are you doing? Are you acknowledging the incompetence of your own department?

Senator Ian Campbell—No, the department is doing a very diligent process.

Senator FORSHAW—Why did they leave it until the last minute to do this sort of research, when we had been asking for it for some time—and we were told it was not necessary and, indeed, was really a waste of time?

Senator Ian Campbell—Clearly the Labor Party are very embarrassed about giving a brief to a dodgy consultant who used to work for Carmen Lawrence, and you are deeply embarrassed about the fact that the methodology has been proven publicly to be flawed. I am slightly surprised you even raise it, you are so embarrassed, but you are clearly trying to squirm and pass the buck somewhere else.

Senator FORSHAW—Mr Chairman, I did not come here to—

Senator Ian Campbell—I would love to spend the rest of the day looking at the methodologies. Let's get some questions about the methodologies.

Senator FORSHAW—The question that I have asked, which still has not been answered, was: why wasn't the committee informed that this research had been commissioned?

Senator Ian Campbell—Why should they be?

Senator FORSHAW—That is not an answer to the question.

Senator Ian Campbell—Why would the committee be informed when the department sets off a diligent process? Do we have some obligation, even a moral obligation, to inform the committee what the department does? Of course not.

Senator FORSHAW—So you do not believe that—

Senator Ian Campbell—We received the report and released it publicly within a couple of days of getting it.

Senator FORSHAW—But the department, I take it—their minister—did not believe that it was appropriate that the committee be advised by the department that it had commissioned its own research to examine the methodology and the findings of the research commissioned by the Senate committee during the proceedings of the committee itself. I take the point, and I follow that up: why wasn't this done after the report was released? If it was commissioned during the proceedings of the inquiry, I would have thought, and I think the committee would think, that it was appropriate that the committee at least be advised, because it may be, as it turns out, that the department had further information to provide to the committee. That is an ongoing factor, as you know, in all committee inquiries. Departments are constantly coming back to Senate committees and saying, 'We have further information to provide to you for your deliberations'.

Senator Ian Campbell—That begs the question that, once you received the report, when it was made public, why didn't you come to the Senate and ask for an extension of time so that you could review your report based on the facts? The report commissioned by the department shows that the foundations of the methodology of the report that the committee commissioned

from an ALP mate was flawed. A diligent committee would have then—having received the report that the government had commissioned—sought to extend the reporting date. You obviously did not do that. You wonder why—because you were not interested in the facts. You were interested in playing cheap political games. We are interested in delivering better medical service for patients—

Senator FORSHAW—Mr Chairman, would you call the minister to order. I have asked a question of Mr Davies—

CHAIR—I think Mr Davies has already—

Senator Ian Macdonald—He has already answered the question.

Senator FORSHAW—No, he has not answered it. The minister interrupted him.

CHAIR—I think Mr Davies has had two attempts at answering the question. We cannot ask much more than that.

Senator FORSHAW—I would like the answer. Given that it was the department's decision to do this, not the minister's request, why didn't the department advise the committee that it was seeking information on this issue through its own research in response to the Senate committee's research?

Mr Davies—The final appearance by the department before the committee was on 28 August, which was some three weeks before the decision to commission this work was taken. So that decision had not been made when we last appeared before the committee.

Senator FORSHAW—Yes, but you were aware that the Senate committee had made the decision, weren't you?

Mr Davies—I do not have in front of me the date that the appointment of AIPC was announced. Maybe Senator McLucas recalls.

Senator McLUCAS—No, I do not, but I will look in my diary.

Mr Davies—To answer your more general question, Senator Forshaw, I think there is no qualitative difference between that and what officials of the department are doing all the time, which is familiarising themselves with methodological, policy, academic and research matters in areas of relevance to the portfolio and the issues that are under consideration at any time, so I guess we did not see any reason why we should tell the committee that we were interested in methodologies in this area as opposed to methodologies in any other area. It is just a part of the department maintaining its knowledge base, which is very routine.

Senator FORSHAW—So the department is already—no doubt with the same due diligence and alacrity—preparing a response for the government to the committee's recommendations?

Mr Davies—We have had the report to hand, so—

Senator FORSHAW—We can expect that shortly, can we?

Mr Davies—We have had the report to hand for a matter of a few days.

Senator FORSHAW—Okay. Thank you.

CHAIR—We are still on outcome 2. It is probably a good idea if we move on to some other area.

Senator McLUCAS—I just have a couple of questions, please, on the terms of reference.

CHAIR—I am hoping to break for lunch at 12.30 p.m., Senator McLucas.

Senator McLUCAS—I notice the time frame for the terms of reference has two parts.

Mr Davies—There are two parts, yes.

Senator McLUCAS—First of all, it says:

The consultant will be required to:

(a) provide comment in a time period agreed between the consultant and the Commonwealth on the methodology used in the report to the Senate Select Committee …

What date was that comment provided?

Mr Davies—We obtained verbal advice on 23 September, which was the day the Swerissen report was made public by the committee. We requested CHERE to proceed with part (b), which was always a discretionary extension. We asked them to do that on 3 October and, as I said, we received their report on 23 October.

Senator McLUCAS—So on 23 September, which was the date that AIPC gave the committee their report, there was a discussion between CHERE and the department about the methodology that AIPC had used?

Mr Davies—That was their initial reaction to what would inevitably have been an initial scan of the document.

Senator McLUCAS—There are notes on that discussion with Mr Stewart and Professor Hall, I imagine.

Mr Davies—I do not know who the parties to that discussion were; it was a verbal discussion.

Senator McLUCAS—Are there email notes or something? I need to get an understanding of the nature of that discussion.

Mr Davies—I do not have that information to hand, but the end result of that discussion ultimately, a week or so later, was that we decided to proceed with part (b).

Senator McLUCAS—How much did part (a) cost?

Mr Davies—I do have a breakdown of the costs. The value of part (a) of the project was $4,620 GST inclusive. You understand, of course, that CHERE had spent some time thinking about these issues in the abstract before they saw the Swerissen report. Part (b) cost $16,940 including GST.

Senator McLUCAS—So thinking about it and then reading the Swerissen report cost $4,000?

Mr Davies—$4,620, yes.

Senator McLUCAS—And the rest?

Mr Davies—That was for the production of a formal report. And I think there is some more modelling in the appendices to that report, so it was more than just writing up a telephone conversation.

Senator McLUCAS—So there was a discussion on the day the Swerissen report was provided which basically led to the view, 'Yes, we could do some analysis. That would be useful'?

Mr Davies—Correct.

Senator McLUCAS—So, if there had been a decision made at that point that the analysis would not be useful, you could have opted out?

Mr Davies—We had the opportunity to pull the plug at that point—correct.

Senator McLUCAS—I find the way that contract works interesting. Basically it says, 'If you can tell us something that we want to hear we will continue with our contract, but if you do not have anything to tell us that we want to hear then we will call it quits at $4,620.' That is basically the way the contract works.

Senator Ian Campbell—That is quite insulting to the officers and really is beneath contempt.

Senator McLUCAS—I think your comments about Professor Swerissen are also beneath contempt.

Senator Ian Campbell—He worked for Carmen Lawrence.

Senator FORSHAW—Do you want us to get into Access Economics, Warwick Parer and all the Liberal Party stooges who you have put on committee inquiries.

Senator Ian Campbell—Let us talk about the methodology.

Senator McLUCAS—I have not sunk to the depths that government members have in criticising Professor Hall because, like Professor Swerissen, she is an esteemed health economics researcher

Senator Ian Campbell—But you have just insulted members of this department who went about a diligent process of getting some research done.

Senator McLUCAS—No, I have described the contract.

Senator Ian Campbell—You have brought into question their motives. In other words, you have said that if they can get the research they want they will pay for it and if they cannot then they will not. That is an insult to the officers of this department and, quite frankly, you should apologise, Senator McLucas.

Senator McLUCAS—I disagree with your analysis.

Senator Ian Campbell—You should apologise. You probably will not, but you should. That was an outrageous slur.

CHAIR—Can we please return to the questioning. Senator McLucas, do you have further questions to ask on this?

Senator McLUCAS—I may later.

Senator Ian Campbell—You are obviously very embarrassed about your committee's work—and you should be—but you should not pass the blame on to officers of the department who are doing their job diligently.

CHAIR—Are there further questions?

Mr Davies—I would like to return to the point Senator McLucas made about the decision whether or not to proceed with part (b) of the research. Obviously the issue we were considering in deciding whether to go ahead with part (b) concerned the nature of the Swerissen report—and the information, the modelling and the assumptions contained in it—and therefore whether there was sufficient material for CHERE to undertake a meaningful analysis. Clearly we did not want to incur the costs if what came out of the Swerissen process was information that was not susceptible to the sort of analysis that CHERE was offering to undertake for us.

CHAIR—Are there any further questions about this particular matter?

Senator McLUCAS—Yes, Mr Davies has agreed to provide a list of those prequalified researchers. Is it possible to do that during the lunchbreak?

Mr Davies—Yes.

Senator McLUCAS—Thank you.

CHAIR—Are there any other general questions about outcome 2?

Senator LEES—I have a number of general questions on medical indemnity. You have a number of measures—and I am particularly interested in general practitioners—particularly to assist specialists but also to cover the extraordinarily high claims. Where exactly are we up to now in terms of sorting things out for GPs, particularly those who have seen an alarming increase in the cost of their medical indemnity? In South Australia it seems that we are finding GPs retiring who are reaching retirement age, and there are several doing so in the western suburbs and this also takes in rural GPs—some of whom I understand work part time. They are deciding, on this issue, to walk away. Where exactly are we up to both in the negotiations with the states on some of the issues and also in negotiating with GPs, in particular, to alleviate some of the extraordinary increase in what practices are now having to pay for their insurance?

Dr Morauta—I might start rather generally and say that the government announced a series of measures on 3 October and 10 October but at the moment is engaged in this policy review process. I think it would be fair to say that the government's announcement says that the government wants to address the outstanding issues on medical indemnity and pick up all of the affordability issues for doctors. So while a considerable amount of work has been done to address the issues, the broad thing is that there is an overview—a taking stock of what has been done so far—going on at the moment with an intention of reporting to the Prime Minister on 10 December. I think that would be the broad answer but I might get Mr Maskell-Knight to talk a little about the specific measures for GPs, if you would like that.

Mr Maskell-Knight—The particular measure which is targeted at GPs is a subsidy for procedural GPs, many of whom work in rural areas. Under the medical indemnity subsidy scheme, the government subsidises half of the marginal costs that a procedural GP faces

compared with a non-procedural general practitioner. If the GP is required to pay a contribution under the incurred but not reported scheme, half of that marginal cost is also subsidised.

Senator LEES—So is that a cost beyond what it was last year for those GPs who have additional costs and are delivering babies et cetera? I am particularly concerned about a practice in South Australia where the cost of their medical indemnity has gone from—and do not quote me precisely on these figures—roughly $75,000 last year to roughly $252,000 this year. Does that mean that that can come back to about $120,000? How will that work? All doctors in that practice are procedural GPs.

Mr Maskell-Knight—We are subsidising the difference between what those doctors pay as procedural GPs and what they would pay were they not to do any procedural work. I am surprised at the magnitude of the cost increases you have indicated, I must say.

Senator LEES—I sat down with them and went through it all. I am more than happy to pass it on to you. I still have it sitting on my computer.

Mr Maskell-Knight—I am wondering whether that is their medical indemnity costs or the indemnity costs for the practice as a whole—the costs for the business of carrying on a practice rather than for the doctors individually.

Senator LEES—No, they itemised, doctor by doctor, what they paid last year. I think there is one who is not a proceduralist, and you can see that that cost is lower carried across but still considerably higher than the other proceduralists pay. I think the original levy has now disappeared, so we can take a little off that.

Mr Maskell-Knight—I imagine that the levy would have been a significant contribution to the increase in cost, yes.

Senator LEES—In where we go to from here, the debate is still looking at the whole picture for GPs and in December we will have the report.

Dr Morauta—That is the idea, and I might mention that there is a general practitioner on the review panel, Dr Susan Page, who was President of the Rural Doctors Association of New South Wales and is now President, I think, of the Rural Doctors Association of Australia. There was a very strong sense in which she was involved because of the recognition of including the needs of GPs, particularly procedural GPs.

Senator LEES—Out of the Medicare inquiry, in rural New South Wales we found that insurers are now apparently saying to GPs, 'No, we're not going to insure for that.' Is that an issue you are looking at? Again, these were rural GPs and proceduralists who were being told, 'No, for that you are going to have to fly to Sydney, and we are no longer going to cover you in those rural hospitals to do those procedures.'

Dr Morauta—I am not quite aware of the circumstances. I think it would be true that some doctors have stopped practising privately in some parts of their range of activities, but we are not aware of the issues you have raised.

Senator LEES—I will go back through the other reports.

Dr Morauta—If you have information, it would be good to let us see it.

Senator LEES—Thank you.

CHAIR—We have finished general questions on outcome 2. I notice that there are questions on notice relating to dental health and medical indemnity. Are there other questions within outcome 2?

Senator McLUCAS—I tried at the beginning, Chair, and I could be quite naughty now and say no.

CHAIR—It is up to you, Senator. Are there any further questions on outcome 2?

Senator McLUCAS—There are a lot of questions in my folder on outcome 2. I am prepared to put a lot of them on notice. If there is time later in the day, I would like to come back to them. We have tried to be quite cooperative, and Senator Heffernan has not assisted that process.

CHAIR—I understand your point but, if we are finished with outcome 2, we should either undertake to put further questions on notice or indicate that we will require people after lunch to continue answering questions on outcome 2.

Senator McLUCAS—We have made the decision to go to aged care after lunch and I suggest that we do that. That will go for between 1½ and two hours. I suggest that we then go on to outcome 8 and that, if we get an opportunity to come back to outcome 2, we do that—but, to be frank, I would be surprised if we are able to do that.

Senator Ian Campbell—Mr Chairman, I think Senator McLucas's suggestion is a sound one. I have not discussed it with Senator Heffernan, but I think the concept of trying to get a schedule is good from the committee's point of view and the department's point of view. My experience yesterday was that we missed a couple of programs in regional because the committee did not budget its time and create a schedule. If you want to get to all the different programs, it is better to do that. So I think Senator McLucas's idea is a valuable one, and it also allows the departmental officers who are not required to be here to leave. We have to respond to what the committee wants to do. I do not think any coalition senators have asked any questions so far today, so it is in the hands of the others.

CHAIR—We might revisit this issue during the break and see if we can get some consensus on what to do. Can I assume that after the break we will go to outcome 3—aged care—and, subject to any agreement reached between members of the committee and the department, we will resume on outcome 8. We might have some issues in outcome 2 that we will come back to, subject to that discussion.

Ms Halton—My intention, subject to the senators' agreement, is to send the officers from outcome 2 back to the department. If, over the lunch break, there is a need for them to reappear, I will recall them at an appropriate moment.

CHAIR—We will have that discussion as soon as the break begins so that you can make that decision.

Ms Halton—No problem.

Proceedings suspended from 12.32 p.m. to 1.38 p.m.

CHAIR—I call these hearings of the estimates committee to order. We will resume. In the lunch break, agreement I believe has been reached around the table about the proceedings for the rest of the afternoon and the evening. I will indicate what that agreement is so that officers concerned can note the time at which they will be expected to be here. The committee will proceed now to deal with outcome 3, until approximately three o'clock. Between three o'clock and four o'clock approximately we will deal with outcome 8. Between four o'clock and 5.30 we will deal with outcomes 4, 5 and 9. Between 5.30 and 6.30 we will deal with outcome 7. Between 6.30 and 7.30 we will break for dinner. Between 7.30 and 8.30 we will deal with the Therapeutic Goods Administration and the Office of the Gene Technology Regulator. Between 8.30 and 9.00 we will deal with FSANZ, and between 9.00 and 9.30 ARPANSA. From 9.30 until the close, we will deal with outcome 1 and whole-of-portfolio corporate matters. They are approximate times. We might run a little bit over in some cases or start a little bit early. They are the approximate times. But I would not expect we would have much more time allocated to each matter than I have indicated there. I would ask for indulgence on the part of officers to be here when those times are approaching and for members to try and keep their questions succinct so that we can get through those issues in the times allocated.

Senator McLUCAS—Excuse me, Chair: I wonder if we could also identify that NHMRC will come on at around five o'clock.

CHAIR—Yes. That is part of outcome 9 and we expect to reach them about five o'clock in the afternoon.

Senator McLUCAS—Thank you.

CHAIR—Again, officers should try to be here a bit early in case we reach it earlier than otherwise expected.

Senator McLUCAS—Just before we move to outcome 3, is the list of prequalified agencies which Mr Davies suggested might be available through the lunch break available?

Ms Halton—Yes, we have it. I looked at it before, but I do not know where it has disappeared to. We will get it to you.

Senator McLUCAS—If that could be tabled now, that would be terrific.

Ms Halton—As soon as we can get our hands on it we will table it.

Senator McLUCAS—I would like to table the press release of the minister dated 29 August 2002 in which the minister of the day says that spot checks will be able to be made of pathology laboratories and in fact further down the quote is:

The Health Insurance Commission (HIC) will be able to undertake spot checks of laboratories.

I table that.

Ms Halton—I think that is consistent with our evidence that said it could be done.

Senator McLUCAS—I think that there was a discussion about who might do it.

CHAIR—If the committee has no objection, we will receive that document.

[1.41 p.m.]

CHAIR—We now move to questions under outcome 3, Enhanced quality of life for older Australians.

Senator FORSHAW—Can I start off with a housekeeping question? I lodged a question on notice on about 11 September but it was dated 15 September. It is question No. 2027. I appreciate it was not a question that was lodged as part of the last estimates round, but I have not received a response to it as yet. Would you like me to tell you what the question was?

Ms Halton—Can you tell us what the question was?

Senator FORSHAW—Yes. I will give you a copy, actually. It is as follows:

(1) How many allocated aged care places were available as at 30 June 2003 in each state and territory for: (a) high care residential; (b) low care residential; (c) and community aged care packages.

(2) How many operational places were available as at 30 June 2003 in each state and territory for: (a) high care residential; (b) low care residential; and (c) community aged care packages.

Ms Halton—I do not know that we are aware of this question. I do not know why we are not aware of it.

Senator FORSHAW—I will provide you with the Table Office copy from the *Notice Paper*.

Ms Halton—It was a parliamentary question, was it?

Senator FORSHAW—Yes.

Ms Halton—Oh.

Senator FORSHAW—I said earlier it was not lodged as part of the last estimates round; I concede that. But what I am interested in knowing is: is that information that you actually collect? Are able to provide that in answer to that question? If so, when?

Mr Mersiades—Yes, we do have that type of information.

Senator FORSHAW—You are not aware of it?

Mr Mersiades—No.

Senator FORSHAW—It was a question to the minister; I appreciate that.

Mr Mersiades—Similar questions were asked by you at last Senate estimates as well. In answering, we referred to the annual report, which has that information.

Senator FORSHAW—I know. Can I then go to that? You have raised something that I was going to raise a bit later. I know Senator Moore asked a series of questions. Let me take a typical answer, to question E03194: 'The department is currently in the process of undertaking a stocktake of age care places. An answer will be provided when 30 June 2003 stocktake data have been finalised.' Then we received the following updated answer which says, 'Relevant information pertaining to the senator's questions will be available in the Department of Health and Ageing annual report 2002-03.' Do you think you could have provided us with a little bit more detail in answer to the question, rather than directing us to the annual report?

Senator Ian Campbell—Do you mean like a page reference, perhaps?

Senator FORSHAW—The department was very prompt in responding that they were doing the assessment—because the estimates were held in May, and these were figures for the end of June—and they were taken on notice.

Mr Mersiades—If you require additional information, we can provide it.

Senator FORSHAW—I know you could say, 'Why don't you go and read the annual report,' but the annual report was available only last week. It is some time since the question was asked. You could just as easily have extracted the information that you had compiled to put into the annual report and provided an answer in detail, instead of saying 'read the annual report'—without even a page reference, as you said. Maybe if you would like to revisit those questions for us and direct us to the appropriate pages—not today, but—

Ms Halton—It is from page 119 on.

Senator FORSHAW—Thank you. Would you just check out the other question that I have raised? I appreciate that the minister has to provide the answer, but it may be that the answer to that is in the annual report too.

Senator Ian Campbell—I think that, quite often, some senators are not aware that the information requested is already published, and it is a matter of referring to it. I understand that a page reference is helpful.

Senator FORSHAW—We are, Minister, but annual reports are a couple of hundred of pages thick, and when you want specific detail on these things, it is helpful to have it provided separately.

Senator Ian Campbell—I agree.

Senator FORSHAW—Could I deal with aged care residential places. On 12 August, according to the *Hansard*, the minister—at the time it was Mr Andrews—was asked a question about aged care planning. He said in answer:

… one of the matters which my department is currently looking at is the actual formula by which the distribution—

the aged care planning ratio—

is made.

This is the ratio which provides a target of 100 aged care places for every 1,000 people aged 70, and other factors. Can you tell us what progress has been within the department regarding the review of the aged care planning ratio as announced by the minister at that time?

Mr Mersiades—Senator, that subject matter can be seen to be encompassed within the broad terms of reference that the pricing review has. There is no separate process of review of the planning ratios. If you look at the terms of reference of the pricing review, you can see that that issue could be encompassed within that.

Senator FORSHAW—That is an interesting answer, because the pricing review has been going on for some time. This is Professor Hogan's review. When is that report due?

Mr Mersiades—Professor Hogan is scheduled to report at the end of this calendar year.

Senator FORSHAW—Is that still the time line?

Mr Mersiades—That was the original time line, and it is still the current time line.

Senator FORSHAW—Is it going to be a report that will be made public?

Mr Mersiades—That will be a matter for the minister and the government.

Senator FORSHAW—Okay. So this review of the formula for the distribution is the subject of a review. What you are saying to me is that what Mr Andrews meant when he answered that question was that it is being done within the pricing review. Okay? That is what you just said.

Mr Mersiades—Well—

Senator FORSHAW—On the last occasion—Senator Moore is here; I am sure she will recall it—Senator Moore asked about the planning ratio which had not been revised since 1992. On page 359 of the *Hansard* of 3 June 2003, she said:

There was some discussion about whether there was any consideration of revising that planning ratio—the 100 per 1,000 which was then broken down. Has there been any further consideration of that?

Mr Mersiades, you replied:

It is not an issue that is under active consideration in the way of a formal review, but it is an area that we are conscious of. Depending on what comes out of the pricing review, for example, there may be an opportunity to have a closer look at it as well.

How extensive is this pricing review in the context of the planning ratio? What did Mr Andrews really mean by his answer?

Mr Mersiades—I cannot speak for the minister. It is an issue that could be dealt with by the pricing review. Having heard what I said last time, it is consistent with that. The deliberations of the pricing review are a matter for it.

Senator FORSHAW—I appreciate that last time you referred to the pricing review. You said again today that it is a potential outcome of the pricing review that the planning ratio would be looked at. But Mr Andrews has said:

... one of the matters which my department is currently looking at is the actual formula by which the distribution—

the aged care planning ratio—

is made.

That is not correct, is it? The department is not looking at this—or are you looking at it?

Mr Mersiades—I said it is not looking at it formally as a separate process.

Ms Halton—Perhaps I can make an observation about this, having had some familiarity with aged care planning ratios in the past. I think the point that Mr Mersiades is making is that the aged care planning ratio is germane to and intimate with large parts of the administration of the aged care program. The work that is done on ensuring that beds are brought on line—looking at impediments to the delivery of beds, for example, and local planning arrangements—requires you to look at what happens in relation to the planning ratio. The aged care pricing review, which is major exercise that is being undertaken at the moment, by definition has to encompass a consideration of the operation of the planning ratios. Is the

department conducting a separately identifiable, discrete—with terms of reference—review of planning ratio? Demonstrably not. But I do think, consistent with what Mr Mersiades has said—the fact that the planning ratio is constantly part of the process of self-review and examination of how the program operates—that it is fair to say that it is part of the ongoing review of the program.

Senator FORSHAW—You could look at the planning ratio quite independently of the pricing review, couldn't you? You do not need a pricing review to look at the planning ratio.

Ms Halton—If you so chose, indeed you could.

Senator FORSHAW—It is a logical proposition that that could happen.

Ms Halton—It is a logical proposition, but I suppose my point to you is that, given the amount of review in the program, separating the planning ratios from every other element of the program would have little purpose.

Senator FORSHAW—The review was established in 1992. Was it done in the context of a pricing examination, a pricing review, at that time?

Ms Halton—No. I think one of the officers who was involved—I experienced it vicariously—in the review of aged care at that time would probably tell you that it was part of a much broader review of the approach to aged care.

Senator FORSHAW—On the last occasion, Ms Halton, at the end of a lengthy answer which I do not need to read, you said:

But at this point the government has not indicated an intention to actively review that ratio.

Ms Halton—That is correct.

Senator FORSHAW—Actively review?

Ms Halton—Correct. That is precisely my point.

Senator FORSHAW—One could be forgiven for understanding Mr Andrews's answer, when he said the department is currently looking at the actual formula—and no doubt it is really a matter for the minister—to mean that there is actually an active review being undertaken. The department is not looking at the actual formula, is it?

Ms Halton—I suppose all we can observe to you is—

Senator FORSHAW—Is it a yes or no?

Ms Halton—Our understanding of the meaning of that statement is consistent with what we have just outlined. Are we conducting a separate review with separate terms of reference? No, we are not.

Senator FORSHAW—Thank you. Can you give me the statistics on which the department is basing the allocation of aged care places for the 2003 round—particularly looking for population projections that the department has for people aged 70 years and over by aged care planning region? You might want to take it on notice.

Mr Dellar—We use ABS data, currently based on the 1996 census. That is because the figures for the 2001 census are not yet available to us at the level we need them.

Senator FORSHAW—When would you expect those to be available?

Mr Dellar—I do not have a firm date. We are in communication with the Australian Bureau of Statistics, but at this stage we anticipate that it will probably be towards the end of this year or early next year.

Senator FORSHAW—When will the allocation round be completed?

Mr Dellar—We are aiming to complete and announce the allocation round before the end of this calendar year.

Senator MOORE—In terms of those figures and stats, it is an ongoing issue about how you always are working from behind with the bureau of stats. But we have the general figures—the first cut—from stats now, and I understand the fact that you have to look at those much more closely for the kind of data you are using. Do you look at the two lots of figures together with the help of the statisticians from the bureau to see whether there is a significant change at, for instance, the wider level? Is that something that you are in consultation with the bureau about—to see whether that is a bit of an indicator?

Mr Dellar—To some extent. We know the population figures for the age 70-plus cohort, but at this stage we do not have much information about how they fall in regions and how that will therefore change the statistics that we are basing our work on. I think overall there will be some change, but I do not have any view as to whether it is going to be radical or major. However, it will reflect the fact that populations have shifted, people have moved to retire over recent times and those sorts of things.

Senator MOORE—But it is clearly not just looking at one block from 1996. Are you also taking into account the 2001 census where it can be useful?

Mr Dellar—The other important feature is that we have these aged care planning committees around the states and territories, and they also look at the soft end of the equation and attempt to add into the data their knowledge about population flows and the issues that are arising.

Senator MOORE—And insert their local awareness and things.

Mr Dellar—Yes, very much so.

Senator FORSHAW—That is all I have on that area. Can we move on to nurses?

Senator MOORE—In the last round of estimates we had a discussion about the issue of nurses and various wage claims, and we have copies of the answers. We had a significant discussion about inputs and outputs, and we will not go there again. I think we will agree to differ. The answer we received in terms of the allocations talked about the allocation that the department had made to take into account the awareness that there is a growing gap between the wage rates in the aged care sector. It states that additional funding is being provided through residential aged care subsidies, and it:

... involves an increase ... above the increases that will flow on from normal indexation, as follows:

- 1.5 per cent in the basic subsidy rates for RCS categories 1-4; and,

- 0.75 per cent in the basic subsidy rates for RCS categories 5-7.

Why were 1.5 and 0.75 the added supplements given in that argument?

Ms Bailey—We will check for you. My understanding is that reflected the relative nursing input to those categories. The highest percentage was obviously attributed to categories 1 to 4, which are high care, and there was some recognition that in the lower categories there was still a requirement for nursing for some procedures. We could clarify that, but that is my understanding.

Senator MOORE—Please do, just in terms of that being the basis for the action of the department, given the awareness that there is an issue—and we shared great agreement that there was an issue.

Ms Bailey—That seemed to be a reasonable way to divide up the money. It would have been difficult to give it all to high care, because there are people in low care who require nursing procedures.

Senator MOORE—I would also like to get some information about the nursing scholarships that are mentioned in the annual report. Please take this on notice as well. I would like information about where they went across the board and that kind of thing. Also, how were they determined? We had some discussion about that, but I would like to find out exactly what the assessment criteria and success rate were. This is for people studying to achieve their qualifications. I think we asked this before but, just to keep an eye on that, could you tell us how the scholarships were given and that kind of thing?

Ms Bailey—I can give you a brief overview. The selection criteria were determined by the aged care work force committee, which is a committee set up for employer organisations, providers and a whole range of people. The scholarship program is being managed by the Royal College of Nursing, and the process they run is national advertising and selection against the criteria. We will certainly set the criteria out for you on notice. In the first year, as I recall—and I will confirm this—we offered 100 scholarships and had about 350 applications. This year we will be offering 200 scholarships and have had about 400 applications. So there is still a very healthy rate of subscription. It is really a matter of adjusting the relative merits to the criteria—one being their connection to rural and regional Australia, and another being their intention to study a course that has, as best we can make it, a definable aged care component in the undergraduate curricula. There is a range of criteria, and I think we are picking up.

As well as the undergraduate scholarships, we offered 115 continuing professional development scholarships last year, and we hope to offer that many this year as well. They are for nurses doing one or two subjects, an honour's or master's degree or something that is actually quite small. We have made that as broad as we can to capture everyone's continuing education. I do not think that was as oversubscribed, but we certainly had more people applying than we had scholarships.

Senator MOORE—That is with the continuing focus on the profession of aged care.

Ms Bailey—This is all about people who have demonstrated that they are working or want to work in aged care and are doing courses that have aged care components. Our big interest is in attracting people to the aged care nursing side. We can show you the criteria and the numbers. The geographic spread was vaguely in line with the population shifts. Queensland,

New South Wales and Victoria seemed to have the biggest numbers, and then they went down, but we can show you those numbers.

Senator MOORE—Are those scholarships a new program?

Ms Bailey—Last year was the first year. It is a four-year program, and this is the second year now.

Senator MOORE—So the funding is over the four years?

Ms Bailey—Yes.

Senator FORSHAW—I turn to resident classification scale reviews. How often are the RCS reviews held?

Ms Bailey—Do you mean the review program?

Senator FORSHAW—Yes.

Ms Bailey—The reviews are a targeted program that we undertake through the department. I guess nationally about 180,000 appraisals are submitted to the department each year, and we undertake a risk analysis of claiming patterns et cetera to determine where we should target our reviews. Those reviews go on all year, and we really just try to establish on a risk model where it is appropriate to look. I think we did 12,200 reviews last year.

Senator FORSHAW—I am sorry; but are we talking about the same thing? I want to focus on where the review officers go into aged care facilities and assess the classification of residents who have been upgraded. Is that what we are talking about?

Ms Bailey—Yes. However, they do not just look at people who have been upgraded. They look at a range of residents in homes.

Senator FORSHAW—How many review officers are there?

Ms Bailey—I think it varies between about 50 and 60 nationally.

Senator MOORE—Are they located across at the state level but part of national? Are they state office staff?

Ms Bailey—Yes, state office. They are located in the states, yes.

Senator FORSHAW—Can you fill that out a little? What training do they undergo? What guidelines are they provided with?

Ms Bailey—They are all Commonwealth nursing officers; all the reviews are done by nurses. Basically it is a national program but it is run out of each state office. The process for determining which homes and residents are to be reviewed is worked out through a risk model and then the work is programmed. There are some business rules about how frequently we visit—we do not go back every month; if we go once, we do not go back for another six months—and the number of residents we look at. So there are some business rules with that, which the industry understands. I suppose their purpose is to put some certainty around the program and to deal with the issues there. The program runs the whole year and the training for the review officers has been fairly intensive since we introduced the RCS. As I said, these officers are nurses, but there is also training in care planning and how that translates into the appraisal. They are really making a judgment on: does this care plan justify the level of

funding that this home pays for this resident? We go through a lot of training and annual consistency meetings to do it.

Senator FORSHAW—What is the cost to the department of undertaking these reviews?

Ms Bailey—I would have to take that on notice, as I do not have that figure in my head.

Ms Halton—Because this is a subcomponent of the program, I suspect it may be hard to come up with a completely defined cost. We can probably give you an estimation.

Senator FORSHAW—Please take that on notice and we will have a look at the answer.

Ms Halton—Yes; we will see what we can come up with.

Senator FORSHAW—I am also particularly interested in the response you gave to one of Senator Moore's questions—and I might say that Senator Moore asks very good questions on these issues. You have come back with the answer to question EO3-200, which has been provided to us. It states that approximately $31 million will be recovered as a result of reviews identifying inaccurate claims for funding in the period 1 July 2002 to 30 June 2003. You have also given us a table of answers, and we thank you for that. Is that figure of $31 million substantial when compared with the figures of previous years?

Ms Bailey—It needs to be understood that the RCS actually delivers about $3.4 billion of the aged care funding, and the $30 million is what comes back out of that. As for the metrics around that, in the order of 185,000 appraisals are submitted each year, I think. We looked at 12,200 of those in the review process and, of those, we downgraded 4,800. I think that puts in perspective the level of review that is going on. The reviews are what we do; the dollars are not something we target or know, because you cannot establish what level of dollar return you will get from any review. In fact, five or six per cent are upgraded.

Ms Halton—And there are no targets.

Senator FORSHAW—I have not asked about targets.

Ms Halton—I said that in case you were going there.

Senator FORSHAW—I am tempted to now. I am just looking at the value that each of these review officers is worth.

Ms Halton—I was expecting your next question to relate to return on investment.

Ms Bailey—If we did all those reviews and then did not get any money, that would be fine.

Senator FORSHAW—I will try not to let you anticipate my questions, Ms Halton.

Ms Bailey—We do reviews to see if claims are accurate. If we actually return nil dollars, that is fine.

Senator FORSHAW—Is that level of incorrect grading of concern? Is it at a level that would warrant you to make some further inquiries beyond the review? Do you notice any patterns in that regard?

Ms Bailey—Certainly in establishing our risk model in targeting we would be looking for patterns. But I do not think that level, if we are talking about 4,824 appraisals out of 185,000—you would agree that is a small sample that has been downgraded—is a very big percentage. I would not have thought that is outside the norm.

Senator FORSHAW—I am interested in it.

Ms Bailey—Nevertheless, we are always interested in working with the industry on ways to enhance their understanding and to clarify matters.

Senator FORSHAW—But getting $31 million back is not an insignificant amount, even in the context of $3.4 billion. It is still $31 million; it is funding for quite a few aged care residents, isn't it? Do you have any idea of the final figure?

Ms Bailey—For the year?

Senator FORSHAW—Yes.

Ms Bailey—That is as published in the annual report. It was $30.2 million.

Senator FORSHAW—So it came in at about that figure. I am not sure when this response came in.

Ms Bailey—$30.7 million was identified.

Senator FORSHAW—Can we have a copy of the business rules that you referred to earlier?

Ms Bailey—Yes.

Senator FORSHAW—I want to go back again to the pricing review, which we diverted to a moment ago. It was raised in the first questions. This might be revisiting old ground a bit, but I will risk it. What particular expertise did Professor Warren Hogan have to be appointed to do this review?

Mr Mersiades—I can read to you from his biography.

Senator FORSHAW—I am aware of Professor Hogan's biography—not necessarily word for word, as you are going to read it. I know his background. I am not in any way trying to question his eminence in his particular professional field, which I understand is economics. I am just trying to understand what his expertise is in terms of pricing for, and the operations of, aged care facilities. If that is in the biography, please direct me to it.

Ms Halton—I think it is important to understand that the appointment of that reviewer was a decision of the former minister. In terms of the detailed workings of the minister's mind, I do not know that we can help you. We can tell you what Professor Hogan's background and CV look like, but beyond that it was a decision of the minister's.

Senator FORSHAW—I do not want to spend a lot time on his background. He is a very eminent academic, as I recall from when I went to Sydney uni—not that I was doing economics. Does he have any particular expertise in the area of aged care or aged care funding?

Mr Mersiades—His business career does not touch directly on the aged care industry as far as we can tell from the summary I have got here.

Senator FORSHAW—Would you table that? It might be useful to have that on the record.

Ms Halton—Certainly. An observation I would make about this is that the aged care program has been reviewed in the past by eminent academics. Professor Bob Gregory did a significant review. I think it is fair to say that, when Professor Gregory commenced his

review, his understanding was—if I can put it this way—academic. He then developed a practical understanding. I suspect Professor Hogan—

Senator FORSHAW—Do you mean academic in the meaning of the word academic as distinct from—

Ms Halton—Indeed I do. I suspect Professor Hogan has come from a similar perspective. I think he is similarly gathering a more practical understanding from his interactions with the industry.

Senator FORSHAW—You said that you are not sure whether the report will be made public. We expect that Professor Hogan will present his report to the minister at the end of the year. What process will follow on from there? Are you able to give us any indication as to what follow-up will occur?

Mr Mersiades—I think it is a matter for the minister and for the government as to how they choose to consider the report. There is a reasonable expectation that it would be considered in the budget processes.

Senator FORSHAW—The answer is that it is a matter for government and the minister. I assumed that was probably the case but I needed to clarify it. The budget for the pricing review is in the order of $7.2 million. Is that on target?

Mr Mersiades—Yes.

Senator FORSHAW—In relation to the residential classification scale review, the new minister, Ms Bishop, issued a press release on 20 October referring to changes in policy to reduce the amount of paperwork in aged care homes. Can you give us some information about what is involved there?

Ms Bailey—You will be aware that under Minister Andrews there was a review of the RCS, or the paperwork review, which was being managed by an industry liaison group. Shortly before Minister Bishop made that announcement, the final draft reports of the three pilots had been considered by the ILG. What the minister was discussing there was what the industry liaison group felt showed promise out of those pilots. They included the possibility of reducing the questions from 19 to 11 or 12, perhaps moving from basing assessment on care plans and progress notes to the assessment of residents and their dependency and a number of other issues. Basically the liaison group were fairly confident that a reduced question set could be achieved and that there might be a possibility to move it to assessment.

But in announcing that and asking us to work towards that by July next year, the minister also made it quite clear in the press release, as I recall, that it was something that had to be worked through. Any change to the way we distribute the funding needs to be mapped carefully in terms of the impact it will have on individual homes. That is something that we are now embarking on, as well as determining what form of assessment we would use if we went that way.

Senator FORSHAW—In the media release you just pointed to, the minister referred to reducing the number of questions from 20 down to 11 or 12 and gave another example regarding validators. It states:

Validators who check that a home is receiving the correct funding will only inspect documentation relating to a resident's assessment.

The minister also said:

... I am delighted to announce significant changes which will relieve the documentation burden in homes across Australia.

Are you able to give us any more detail at this stage, beyond those that the minister has identified in the media release and the answer you just gave? Do you any sort of list as to what these changes are likely to include?

Ms Bailey—Certainly the industry liaison group has looked at a possible set of reduced questions but they are yet to be finalised. As I understand it, that would involve completely eliminating three questions in the current scale and collapsing seven into three—that is how we get to about 12. But there needs to be industry agreement that that would still be sufficient. If we move to basing the funding on the assessment or the dependency of the resident as opposed to the care provided, a fair bit of research and analysis would be required to determine the relevant tools so that you could get equity in funding and in the distribution of funding. That still is quite a challenge ahead of us. I know the minister is keen for us to get to that position by July, but that is what we will be focusing on.

Senator FORSHAW—I suppose what I am trying to ascertain is areas that might be considered. Does it go beyond the RCS question with validation? Are there any other significant areas that you are looking at where there is complaint about excessive paperwork?

Ms Bailey—The industry has claimed that, because we base our reviews on their care plans and progress notes, they feel that they have to document every single thing. One option would be to move to assessment, and then the review officer would no longer look at care plans. We do not know if that is viable and feasible yet, but that certainly looks to have promise. We are looking at that one.

The other thing we piloted was whether you could use independent assessment. That was a concurrent pilot that was managed by the industry liaison group to look to see if other people could do the assessment—that is, if it is such a burden in the homes for them to spend this time doing it, is there another way to do it? That was another pilot that we looked at which we need to do some further work on. We also looked to see if we could improve the guidelines we currently give industry—what we call chapter 5, which is the important directions on how to give the answers. We have had some people looking at that to see if we can make it more user friendly, less wordy and easier for them to use to do their appraisals. So we have tried to attack it on all fronts to come up with some options.

Senator FORSHAW—I am trying to identify what all the fronts are. You have expanded the list. Is there anything else you would like to tell us about?

Ms Bailey—The only other one that we have been working on—

Senator FORSHAW—Or can you give me a list? I am trying to avoid the paperwork.

Ms Bailey—We have been piloting a national care plan or a model care plan with some assessment tools in a number of homes to see whether, if we had an agreement that this would

be used nationally, it would help with the process. I think they are four quite useful projects, but the point is how to bring them together and how to model the impacts.

Senator FORSHAW—That is a good coverage of the things that you do?

Ms Bailey—It is. I can certainly provide you with more detail on the individual projects if you would like.

Senator FORSHAW—We would like as much detail as you can give us. We appreciate that these are areas that you are looking at. I am not suggesting that they will be definite changes.

Senator MOORE—Is there anything in the annual report that lists the pilots? There now seems to be a process with the standard way annual reports are presented. There now seems to be processes about having standard lists of things—for example, consultants, media and all those kinds of things—but your department uses a range of pilots to actually work through whether or not something works. Is there anywhere in the annual report where that kind of thing is listed?

Ms Bailey—The contracts that were signed for the pilots before the cut-off date are under consultancies. There is a little paragraph I think under outcome 3, but it does not go into detail. I am not sure that there is a list of pilots. I would not imagine so, because they are all very disparate.

Ms Halton—If I could just make an observation, Senator. I understand your point completely, but the reality is that we have lots of little bits and pieces going on all over the department. If you actually started to list each of the pilots we have got going, it would be another very thick document.

Senator MOORE—It is just that in these kinds of things it is often the pilot work that leads to working through whether something is going to be successful. There has been ongoing discussion about paperwork, and this is reflected in other parts of the portfolio—that is, reducing paperwork, red tape and stuff. This has been kind of the agenda now for a long time. One of the major issues in terms of diverting the resources effectively is getting rid of the paperwork. So if we can, as we have been told, get some idea of the pilots that have been focused on this—

Ms Halton—We are happy to do that. It is not in here simply because of 'not too much paperwork', but we are happy to—

Senator MOORE—When we come back to estimates, it would be something to be ready for, as we will be asking about the various pilots. It would save lots of interchange if you could note that.

Senator FORSHAW—Do you post details of the pilots on your web site?

Ms Bailey—There is a web site for the RCS review.

Senator MOORE—It is under the review rather than—

Ms Bailey—Yes, you have to read it all, but there is a web site. I will have to check, but I know there is information there.

Senator FORSHAW—I am not personally aware—others may be. We can check that. Mr Mersiades, you answered some questions about community care review last time. What has happened since the publication of the consultation paper *A new strategy for community care*? Can you update us on what has been happening since then?

Mr Mersiades—There has been activity in a number of areas, but one of the major ones has been working with the national reference group appointed by the minister on the review. Through that reference group, the department has been working up a more detailed paper which elaborates on the broad directions in the consultation paper, and that work is still in progress. As well as that, we have had a number of meetings with our state and territory colleagues to consider the issues raised in the consultation paper and to get their views on what is contained in that.

Senator FORSHAW—Last time, on 5 June, you said that a meeting of all state, territory and Commonwealth officials had been held in Melbourne a few weeks earlier; so that would have been towards the end of May. How many meetings have been held since then? You can take that on notice and let us know.

Mr Mersiades—I will take that on notice.

Senator FORSHAW—That is with officials—

Mr Mersiades—It is with officials.

Senator FORSHAW—So it did not include ministerial level. Again quoting from your answer on the last occasion, you said:

> We are working together at the moment to take the consultation paper to the next step. I am not suggesting that all of the states have signed on and are committed to the process, but they are certainly engaging with us to progress the review.

Is that still the case, or have more states signed on? What do you mean by signing on?

Mr Mersiades—By 'signed on' I meant that there was agreement to the framework which was being canvassed in the consultation paper. It is still the case that negotiations with the state and territory officials are not finalised.

Senator FORSHAW—I am pretty certain that may well be the case, so it is moving along but—this is not a criticism—not much progress has been made since we last met.

Mr Mersiades—The Commonwealth effort has been directed primarily through the reference group I mentioned. There is another meeting of Commonwealth-state officials scheduled for later this month to take it forward.

Senator FORSHAW—Thank you. I want to move now to some questions on specific aged care facilities. Before I do that, I want to ask a question about fire safety, which is a general question. The new minister, Ms Bishop, put out a media release on 27 October entitled 'Aged care homes required to be more accountable for fire safety'. The third paragraph reads:

> Aged care providers will now also be required to declare to the Department of Health and Ageing that they satisfy all relevant state and local fire safety regulations.

What is that going to involve?

Ms Bailey—It is a two-page form with five or six questions they need to fill in each year. Basically, it just gives the department and, most importantly, residents of aged care homes and their families that extra level of assurance that providers are meeting all the relevant state, territory and local government fire requirements for the home. That is what we are seeking from them: assurance on an annual basis that they do.

Senator FORSHAW—So it is a self-declaration?

Ms Bailey—It is a declaration, and it needs to be signed by the approved provider. It is a criminal offence to lie on it, and it is also sanctionable if they were to do that. The industry is very supportive of this, as I understand it.

Senator FORSHAW—As they should be. One would hope that they are already complying anyway—

Ms Bailey—Absolutely.

Senator FORSHAW—because there are state, territory and local government regulations in place and standards to be met. Can we have a copy of the form of the declaration that they will be expected to sign?

Ms Bailey—It is on the web site at the moment. It is a draft, and we are certainly happy to provide it.

Senator FORSHAW—It is a draft, is it?

Ms Bailey—At the moment. We are waiting for a final letter of approval, but the draft has been agreed with the industry and the minister, and we are just waiting to put it out.

Senator FORSHAW—Has there been consultation with the state and territory governments and local governments?

Ms Bailey—We discussed it at one meeting with state fire authorities, and there was general support for it.

Senator MOORE—Is it part of accreditation now?

Senator FORSHAW—That is the next question.

Ms Bailey—It is actually a separate responsibility of an approved provider, under the legislation, that they now have to do this. If you call accreditation fulfilling their responsibilities, that is right. It will come to the department, and we will deal with failures to comply and insufficient information. In those cases, if there were a view that there was insufficient information, we would refer that information to the agency for them to look at it on their next visit, and we would also refer it to the appropriate authorities in the state, territory or local government.

Senator FORSHAW—Will you make it part of accreditation in the future?

Ms Bailey—It will become part of accreditation through the process whereby, if there is failure to comply, that will be referred to the agency for them to take into account on their next visit. So that becomes part of the ongoing monitoring of accreditation.

Senator FORSHAW—Now I want to turn to some specific facilities. The first one is RSL Care in Queensland. I understand they manage a number of aged care facilities that are mainly for veterans, as the name implies would be the case.

Ms Bailey—That is right.

Senator FORSHAW—Is the department aware that the Queensland Nurses Union has applied for an interim injunction in the Queensland Industrial Relations Commission to prevent RSL Care from slashing staff levels?

Ms Bailey—We are aware that there has been industrial action and activity at the homes. We are aware that some allegations were made about the level of care at the homes by the Queensland Nurses Union, and we have taken appropriate action.

Senator FORSHAW—With all due respect, that was not the question I asked. I asked: are you aware that the union has sought an interim injunction in the Queensland commission to prevent RSL Care from reducing—or, they claim, slashing substantially—staff levels. Are you aware of that?

Ms Bailey—I am aware of that.

Senator FORSHAW—You are?

Ms Bailey—I am aware that there has been industrial action.

Senator FORSHAW—But industrial action means many things to many people. What I am asking you about is not what I would class as industrial action; it is actually legal action being taken in the industrial commission, seeking an interim injunction. I want to know whether you are aware of that specific legal action being taken.

Ms Bailey—To the extent that I have spoken to the CEO of the homes, who explained to me that the court has, I understand, refused to grant the interim injunction in the case of three homes. This was two weeks ago. The others were continuing. It still seems to me to be an industrial matter.

Senator FORSHAW—You have volunteered an answer to a question I have not asked, but I will take it up.

Senator Ian Campbell—It is fair to say the two issues are probably related.

Senator FORSHAW—I think it is fair to say that because if the issue that is in dispute is about adequate minimum levels of staffing for the care of the residents then it at the least should be a matter of interest to the department—and I am sure it is.

Ms Bailey—It is of interest to the department.

Senator FORSHAW—It would be a matter of interest to the department and the minister, for instance, if the employees took industrial action such as strike action. That would then become very much a matter of interest, wouldn't it?

Ms Bailey—Absolutely. Our interest is whether care for the residents is maintained.

Senator FORSHAW—And I do not expect you to respond but I can well imagine the minister—whether it be for this industry or for any other industry—being very quick to comment publicly about such a situation as it effects whether it be in this case residents of age

care homes or as it may effect other industries, such as transport or the waterfront or whatever. We hear about those from time to time. I do not want to get into the industrial dispute. That is a matter before the commission. Has the department or the government sought to intervene in the proceedings at all?

Ms Bailey—No.

Mr FORREST—Has the department made any assessment independently about the issues that are in dispute; namely, the adequacy of staffing levels in RSL care facilities?

Ms Bailey—What the department has done has sought advice from the Queensland Nurses Union about the depositions they gave to the Industrial Relations Commission that allege failures of care at the homes. The department has also been making visits to the homes to make assessments and to see that care is being maintained. We have written to the Queensland Nurses Union saying if there are any issues that need to be brought to our attention they should bring them to our attention. We do not have a view about the nature of this dispute and the relative staffing changes at the home.

Senator FORSHAW—It seems to me that the department at least should have a view, whether or not it is one that they want to make public at this point in time. Surely it is a matter of the utmost interest to the department to know whether or not manning levels—I will use the old industrial term—

Ms Halton—I am sure it is actually womaning levels in this case. I am sure it is not manning levels; I suspect it will be all women if it is nurses.

Senator FORSHAW—I will not go down that track, Ms Halton. We will have to rewrite half the dictionary and we will have Senator Brandis back here before that.

Ms Halton—The level of resourcing.

Senator FORSHAW—Yes. But surely it is a matter of interest—it should be. The outcome of any dispute or the outcome of any determination by the industrial commission about staffing levels in particular age care homes has to be a matter of concern to the department because it has an impact upon the health and welfare of the residents.

Ms Bailey—That is what we look at. The business decisions a provider makes about how they staff their home and the numbers of staff and the numbers per shift is their business decision. What we are interested in is the care outcomes being met for the residents. That is the angle we have taken in this and that is what we will continue to be vigilant about.

Senator FORSHAW—But surely the level of care involves making an assessment about the adequacy of staffing, both as to numbers and to qualifications, of particular facilities?

Mr Mersiades—If there was an incidence of compromised care identified then that would be looked at closely and if necessary in conjunction with the agency. The primary focus would be on whether care was being compromised in any way and if that was the case then we would follow up in that context.

Senator FORSHAW—But we do not wait until after the event, Mr Mersiades. You must have some appreciation of what minimum levels of staffing are required for facilities, as a baseline if nothing else. We have tried to get this sort of information before. For instance, if it

was suggested that they were going to cut back the staff by 50 per cent or some substantial figure then you would have to have some response to that, surely? You would not just say, 'Let's wait and see what happens.'

Ms Halton—As has been canvassed in these committees on multiple occasions in the past, we do not have an approach to assessing staff in aged care residential homes that is based on a formula. We have an approach based on the care needs of the individual residents. Senator Moore asked a question before about how moneys are distributed in respect of nursing.

We know that individuals require different levels of care. Whilst you may be classified as low care, you may have particular needs which require technical nursing skills. You may be high care but, because your behavioural needs are so high, you may not need very much technical nursing care, you may need a lot of personal care. So it is very hard to give you a formulaic answer to the question you ask. As Ms Bailey has explained, and as we have canvassed at some length in these committees in the past, we make an assessment of whether the care needed by individuals in this case—obviously there are many of them—is being provided to an adequate standard.

With regard to your question, if there were to be no staff in a home then yes, prima facie and demonstrably, we would be very concerned about that. Do we care that sufficient and adequate care is provided? Demonstrably, we do. As to whether we are going to impose a formulaic assessment in relation to whether that care is adequate, the approach we follow is to not use a formula.

Senator FORSHAW—I appreciate all that. But, for the purposes of this question, I am not suggesting that you have to adopt a formulaic approach. We might debate that differently elsewhere. The point on this issue is that it is being argued by the union that the proposal by RSL Care to reduce the staffing numbers—I think it also relates to the number of hours, which of course has an impact on the number of personnel—is of such magnitude that it will affect, and has affected, the care. I would have thought the department could look at that and assess whether, in those circumstances, the reduction in staffing levels is going to affect the care, and whether it is appropriate, without necessarily having to say that there shall be X number of personnel in each home. That is a macro argument. Have you considered the views put to you by the nurses union?

Ms Bailey—asked for their depositions, to see if there were facts in there which we needed to follow up from a compliance angle. We have been on visits to some of the homes. We are planning to visit all the homes. That will be the process. We have also told the nurses union that if they have any other major concerns, they should bring them to our attention immediately. I read the case only briefly, but there are, of course, always two sides to a story.

Senator FORSHAW—There are always two sides to every story and, in most cases, there is a right side and a wrong side.

Ms Halton—Perhaps I can make another point, which goes to your question. It is perhaps an assumption, but I might be misinterpreting you. By not intervening industrially and/or legally, depending on how we want to define what is going on in the Queensland courts, there is some dereliction—

Senator FORSHAW—I did not suggest that, Ms Halton. You do not have to respond. I just asked whether—

Ms Halton—I make the point—I think it is important to have this on record—that we take the care of residents very seriously and that, precisely for the reasons Ms Bailey has been outlining, we ask people to tell us if there are facts and matters which go to the care of residents. Frankly, I would be concerned if we had to wait until things were occurring in the courts because, bluntly, our systems should enable us, if we are in receipt of that information, to intervene much faster. That is certainly the commitment we give. If we are provided with information or if we happen to, in the course of one of our inspections, become aware of deficiencies in care, then we respond very quickly.

Senator FORSHAW—Ms Halton, I have not in any way suggested that your lack of intervention is something that should be seen as a dereliction of duty. I am not in a position to make that determination at this point anyway. But I would equally make the point that it does not automatically follow that because something is described as an industrial dispute—because it involves a union and the employer and it is an argument about staffing numbers—the department would seek to get involved. Industrial issues, as in this case, are directly related to health and safety issues.

Ms Halton—We are having what is effectively a semantic discussion about the term 'industrial dispute'. I do not know that we are the ones labelling it that way; if we are, I certainly do not think we should. I accept your point, which goes to the fact there is an issue before the courts. My point is that we would not wait or choose to use that necessarily as a vehicle to ensure that residents are protected.

[2.46 p.m.]

Aged Care Standards and Accreditation Agency

Senator FORSHAW—I now want turn to the Albury and District Private Nursing Home. I will try and get through these reasonably quickly because I am conscious of time. As I understand it, the Albury and District Private Nursing Home had an assessment in January this year and passed all 44 standards for accreditation requirements and was accredited for the period May 2003 to May 2006. Is that correct?

Ms Vesk—That is correct.

Senator FORSHAW—Can you tell us why they had a review audit six months later in July this year?

Ms Vesk—I understand that the agency received some information from the Department of Health and Ageing. Can I just go into some background?

Senator FORSHAW—I would appreciate that.

Ms Vesk—The site was audited in January and they were compliant with 44 outcomes, after which the decision was made to accredit for three years. There had been a series of support contacts prior to that where the home was found to be fully compliant as well. There was a positive report from a support contact. Even going back to October 2001, when they had a decision to accredit for 18 months, the service complied with all outcomes at that point. There were support contacts in March, September and December 2002, and the results of

those were positive. This gives you the background leading up to January 2003 and shows that the home had been meeting the outcomes. After that time we received information from the Department of Health and Ageing, which led the agency to decide to do a review audit. This took place from 8 to 11 July.

Senator FORSHAW—So there is a history of successful accreditation?

Ms Vesk—In that recent time, yes.

Senator FORSHAW—What about before then?

Ms Vesk—I think that home's first accreditation decision in December 2000 was a one-year decision. They also had a review audit in 2001.

Senator FORSHAW—You said there were some requests, issues or information brought to the attention—

Ms Vesk—Information was received from the department.

Senator FORSHAW—Did the department receive complaints?

Ms Bailey—Yes, the information went to the complaints scheme that was subsequently released to the agency.

Senator FORSHAW—Are you able to say where the complaints came from without identifying individuals? Was it residents' families or the union?

Ms Bailey—I do not have that information.

Senator FORSHAW—Would you check that out—take it on notice and respond, if you can?

Ms Bailey—Yes.

Senator FORSHAW—Do you have any explanation as to how a facility can pass accreditation standards in January and six months later have a dramatically different report, which, as I understand it—and I have read the report—involves systemic problems and issues like management of medication and staff training? It seems to be quite a dramatic turnaround.

Ms Vesk—I do not know in the case of this individual home, but the general observations I have made—

Senator FORSHAW—This home has had a fair amount of publicity.

Ms Vesk—Firstly, this is relatively rare but there are probably some issues that are common to cases where compliance decreases. It is a fact that aged care is very sensitive to change: the resident mix and the staff mix can change, which can have an impact. External provision of services and resource levels may change. Secondly, the responsibility is always on the approved provider to meet the standards at all times. If we have any indication that they are not doing that, we would follow that up and take action.

Senator FORSHAW—I also raise this possibility: could it be the case that there are problems with the assessment itself? For instance, an accreditation is carried out and everything is found to be absolutely okay and then, six months later, there are substantial problems. Maybe it is the way in which the assessments are carried out. Would you just reject that out of hand?

Mr Brandon—In any system where there is a level of subjectivity that is possible. However, in this particular case the organisation had a history of compliance, and we used different teams.

Senator FORSHAW—I am aware you used different teams—that is one of the things I am getting at. You get two different reports: one leads to accreditation in January; the other finds substantial problems six months later. Have you looked at whether the assessments that were done leading to the accreditation in January were valid? Have you got some process where you can go back and check how rigorous they were?

Mr Brandon—We have a process of quality control when we review the reports. But the point I was making in this particular case is that, prior to the finding of noncompliance, a number of teams had found compliance. The home had a reasonable history of compliance which had been found by different people. I do not disagree that there is a possibility that different teams will come to different conclusions, but in this particular case different teams looked at the same organisation until the site audit in January. Following that, another team came in and said, 'Things have changed'—and presumably they had changed —and they found noncompliance.

Senator FORSHAW—So you would say that it is due to deterioration in that six-month period?

Mr Brandon—That is what I am saying.

Senator FORSHAW—Are you able to say why that may have occurred? Why would it be that a home is presumably complying quite well or exceptionally well, particularly in key areas like medication management—this is not a minor issue—and then within a six-month period is failing on that? How can that occur in such a quick period of time?

Mr Brandon—I cannot speculate on how it would occur; what I can say—

Senator FORSHAW—I am not asking you to speculate. Don't you know? Hasn't the agency looked at that? This is fundamental, isn't it? It is not just that you go in and you find that there are problems and then you say, 'We're now going to put some sanctions in place.' Surely you have to go beyond that and say, 'Why is it that a home that presumably passed all the standards six months earlier and has a good record'—according to your records—'suddenly declines in this way?' You would have to find the reasons for that.

Ms Vesk—I do not have the report with me—

Senator FORSHAW—I do.

Ms Vesk—I would say that some of that evidence would be in the report in the way that the team identifies the areas of noncompliance. To some extent, through saying why there is noncompliance, you can derive some meaning about how that occurred—that is, whether it was a change of system, whether the system was not being monitored or whether there was a change in personnel. Certainly the agency person who made the decision about that home would have closely considered all of those issues and would have also subsequently been in touch with the home to discuss those issues and to follow them up at further support contacts with the home. So that digging deeper, I suppose, that you are talking about as to why

something occurs is a part of the process itself—the ongoing monitoring, the decision making and the dialogue that the agency has with the home.

Senator FORSHAW—My reading of this report suggests—more than suggests; it tells me—that some of these issues were systemic, that they could not have just arisen in that last six months, and that is acknowledged. I know you do not have the report with you, but it suggests that the initial assessment was flawed.

Ms Halton—The reality is that six months in an aged care facility is actually quite a long time. The average life expectancy of residents and the mix of care needs of residents can change quite significantly. The reality is also that, for example, change of personnel—particularly a director of nursing; and I am not saying that that is the case in this particular instance—can have a significant impact. We will have a look at the issue that you have raised, but I do think it is important to understand that six months can be a long time. Notwithstanding that—and I think this is the point that Ms Vesk and Mr Brandon have been making—occasions such as this are rare. In any event, we will look at the point you have raised.

Senator FORSHAW—I have one other question on this. As I understand it, the assessment team initially reported that the service was noncompliant with 11 outcomes but then, after considering the audit report, the agency found the service to be noncompliant with nine outcomes. How does that happen? How does the agency find that there is less noncompliance than the actual assessment team found?

Ms Vesk—And on some occasions it has been found in the reverse. Mainly it is because the decision maker has other information that they are able to take into account. On this occasion, I do not know what the detail of the information was, but further information was given from the provider in response to the draft report that was left on site, which indicated action that they took immediately to start remedying some of those problems. That is the case more often than not, because during the process of the audit the team is telling the home and the provider what the issues are and, if there is noncompliance, what needs to be corrected. At the conclusion of the audit the team leaves them a draft report, and then the provider has a period of time under the legislation to give a written submission about that to the agency. If in that time they can take action and demonstrate what they have done to improve those outcomes, then that is certainly considered when making the decision.

Senator FORSHAW—Can you provide us with a full set of the guidelines that inspectors have when they visit the facilities to make these assessments?

Ms Vesk—Yes, but I will say that there are two documents published on our web site that are quite useful in that regard.

Senator FORSHAW—Could you provide them or give us some information?

Ms Vesk—Sure.

Senator FORSHAW—I know we are getting close to time. I do have other questions which I think I can put on notice.

CHAIR—Do you want to put any further questions on notice, Senator?

Senator FORSHAW—I am trying to decide which ones I can put on notice. I might hand over to Senator Moore, who I know does want to ask some questions.

Senator MOORE—I have one on aged care.

CHAIR—The more time we take into the next segment, the less—

Senator FORSHAW—I realise that.

Senator DENMAN—I have a couple but I will put mine on notice.

CHAIR—Thank you, Senator.

Senator MOORE—Ms Halton, I have a couple that I am putting on notice as well, but there is one in particular that I am wanting to ask about, and that is about the issue of accommodation bond. It has received some media coverage over the last few months—about people's sense of security when they put up the accommodation bonds. We were wondering whether the department is working with the industry on raising consumers' sense of security about accommodation bonds. Naturally, we hear only the bad cases, but that has been getting a degree of coverage and it is raising serious concerns with older people and their families.

Mr Mersiades—We have had discussions with the industries. We have a number of formal arrangements and committees which discuss a wide range of activities.

Senator MOORE—And I hope you note, Mr Mersiades, that I have not asked for details of everybody on them this time.

Mr Mersiades—I was just going to say that we do have channels of communication and this sort of issue is discussed from time to time.

Senator MOORE—And it is a concern? It is something that people are worried about?

Mr Mersiades—There would be a concern if people feel insecure about the security of their bond, yes. It would be a matter that we would take a close interest in.

Senator MOORE—And the protection elements of that. At the moment each individual nursing home has the responsibility to keep that money secure. That is right, isn't it?

Mr Mersiades—That is correct, but we do have prudential arrangements in place whereby they have to, on an annual basis, provide a return to the department which provides material on the security which they will put in place.

Senator FORSHAW—I have one final question which I will ask now and then I will put the others on notice. I do need to ask this.

CHAIR—This is the very last question, Senator.

Senator FORSHAW—Not according to Senator Heffernan.

Senator HEFFERNAN—You have come to an arrangement—

Senator FORSHAW—The arrangement was for 1½ to two hours, but I am going to finish on this one. Armitage Manor failed 25 of 44 accreditation standards. Is that correct?

Ms Vesk—Yes.

Senator FORSHAW—Would you regard those failures as serious?

Ms Bailey—When the agency gave the department the report, as they are required to under the legislation, it contained a recommendation about whether or not to impose sanctions. When we got the report we made a visit to the home and we formed the view that there was an immediate and severe risks to the residents—or a resident in this particular case—and took action. We imposed a sanction.

Senator FORSHAW—What is the sanction that has been imposed?

Ms Bailey—They have had to reappoint a nurse adviser, as I understand it, to assist them for six months.

Senator FORSHAW—I just have one further question. You have said that the agency said the hostel does not present a serious risk to patients. Is that correct? It has failed more than half of the standards.

Ms Bailey—The agency did not find serious risk, but the department, on receiving the report—which was some time later—in order to verify their recommendation that sanctions be imposed, visited the home and formed the view because of issues that we identified on that day that there was an immediate and severe risks to residents. There are two different tests.

Senator FORSHAW—Thank you. I will put my remaining questions on notice.

CHAIR—Yes, any other questions on this outcome can go on notice. We now move to Outcome 8—Choice through Private Health Insurance.

Senator McLUCAS—Just before we do that, do the officers have the list of prequalified agencies?

Ms Halton—Yes, I have it here. I was waiting for a break in the traffic to table it, but I do have it.

CHAIR—Okay, so that has now been tabled. Thank you very much. If you want to ask any questions about it, you can have a look at it first, I suppose.

Senator McLUCAS—I do want to ask some questions about it.

CHAIR—Do you want to do that now or leave it to later?

Senator McLUCAS—I will ask them after I have had a look at it.

CHAIR—Do you mean now?

Senator McLUCAS—Yes, now. Ms Halton, I wonder if officers to do with Medicare or the proposed government package could come back so we can finish off this issue about the CHERE report. Mr Davies, I wonder if you could advise whether consideration was given to commissioning CHERE to undertake the same research that the select committee had asked the AIPC to do?

Mr Davies—No, that was never the case. The whole purpose was, as I mentioned before lunch, to look at the methodology rather than to actually recreate the results or challenge specific results. The purpose was to advise us on the underlying methodology used by AIPC.

Senator McLUCAS—Thank you for providing me with a list of the panel of health economic services providers. I notice that number 13 is La Trobe University. I dare say that is the AIPC.

Mr Davies—La Trobe extends beyond that institute, but that is where the AIPC is based.

Senator McLUCAS—So the AIPC is an approved provider of health economic services to the Department of Health and Ageing?

Mr Davies—The AIPC is an institute within a university which is an approved provider.

Senator McLUCAS—This is a list, but I understand that there is subsequent documentation that goes to the agreements between the department and, in this case, La Trobe University and that that would identify the names of the researchers who were approved.

Mr Davies—I am not sure. I will have to see if there are any colleagues who know more about that. That process is a departmental wide process, and I gather all divisions of the department are involved in the identification of people to go on that panel. They are there for different skills and different areas of expertise. As you can see, Senator, from that list, there was a fairly diverse range of providers. As to whether named individuals are identified in that process, I could not tell you at this moment but we can certainly find that out for you.

Senator McLUCAS—La Trobe University is listed here as 'the university' but in other documentation would it describe maybe the unit within La Trobe University that has been approved or prequalified?

Mr Davies—We would have to see. I do not know how that is documented.

Senator McLUCAS—Could I get the name of the unit that has been prequalified and the names of the researchers who are—

Mr Davies—To the extent we have those, certainly.

Senator McLUCAS—I believe that you do. Professors Swerissen and Duckett in fact appear on that list as approved people to do research for the Department of Health and Ageing. So it is nice to have that tidied up. Mr Davies, can you tell me what date you received a copy of the AIPC report?

Mr Davies—I believe we received it on the day the Senate committee released it, which I think was the 23 September.

Ms Halton—Can you tell us what day it was released by the Senate committee, Senator?

Senator McLUCAS—It was released on 23 September.

Ms Halton—In that case, that was the day it was received by the department.

Senator McLUCAS—And it was received from whom?

Mr Davies—Through the normal channel—whoever you released it to, I guess, Senator.

Senator McLUCAS—I want to know how you received it, please.

Mr Davies—Again, I will have to get back to you on that.

Senator McLUCAS—You said that you believed it was on 23 September. Could you confirm that it was the 23rd?

Mr Davies—Yes.

Ms Halton—I can confirm that it was 23 September. When it was publicly released, a copy was obtained. We will find out who handed it to us, but that copy was subsequently copied

and then distributed to people. I believe we all got copies within a matter of hours of each other.

Mr Davies—It was 23 September. It may even have been via your web site. I am not sure how quickly it was posted on there. We will find out.

Senator McLUCAS—It was posted immediately.

Ms Halton—That is probably where we got it from.

Senator McLUCAS—Can you confirm that, please, on notice?

Mr Davies—Certainly.

Senator McLUCAS—Can you tell me also when it was sent to the Centre for Health Economics and Research Evaluation, CHERE?

Mr Davies—That is what leads me to suspect that we got it off your web site. It was certainly sent to them on the 23 September, so I suspect that was done electronically. That suggests that we would have had an electronic copy.

Ms Halton—But we will check that.

Senator McLUCAS—I would appreciate confirmation as to how that was sent to CHERE and when—including what time.

Mr Davies—Yes.

[3.13 p.m.]

CHAIR—As there are no further questions on that matter, we will move on to outcome 8—Choice through Private Health Insurance.

Senator LEES—I have questions on prosthesis management and private health insurance gaps. I understand you have problems now with the increase in what it is costing the funds. On your evidence, what is driving the increase in fund expenditure on prosthesis and devices?

Dr Morauta—I think there are a number of elements driving it. Like all new technology, there is a sense in which prosthesis are increasing their unit costs. There is also some evidence that there is an increase in the volume of prosthesis being funded by the funds. I think those pressures on them are roughly half and half.

Senator LEES—So the actual increased activity in that area—utilisation, if you like—is about half?

Dr Morauta—My memory of it is that half is on the volume side and half is on the cost per unit side.

Mr Maskell-Knight—The PHIAC annual report for 2001-02 on the operations of the health insurers says that benefits total exhibited a large increase of 41 per cent in that year. It then goes on to say—

Dr Morauta—That means benefits for prostheses.

Mr Maskell-Knight—It then goes on to say that the average benefit paid for prostheses was 28 per cent—

Senator LEES—Per item?

Mr Maskell-Knight—Yes, in other words the unit price went up by 28 per cent. That made up about two-thirds of the total increase in benefits for prostheses.

Dr Morauta—That is two-thirds and one-third; the rest is in the volume.

Mr Maskell-Knight—Yes.

Senator LEES—Did you not worry specifically about inflation in that?

Dr Morauta—When we say there has been an increase in the average price that does not mean there has been inflation on the same item but that people are moving to higher cost items.

Senator LEES—What do you think has been the impact on this of the increase in the number of people joining health funds?

Mr Maskell-Knight—The increased utilisation we have seen over the last few years is mainly driven by the fact that there are 45 or 50 per cent more members. There may be some effect from the existing membership getting older and needing to use these things.

Senator LEES—Do you have a breakdown of the items? For example, have hip replacements jumped in volume more than others have, or is it knee replacements? Which items have the largest jump in volume?

Mr Maskell-Knight—My understanding is that it has pretty much been an across the board increase. I suspect that the magnitude of the increase in the insured population would have swamped any differences in the usage of particular items. A 50 per cent increase in members will swamp a 10 per cent difference between an increase in hips and an increase in something else.

Senator LEES—I understand that, from 2000-2001, you abandoned the centralised process for setting the benefits for prostheses. Why was that done? I take it that it was basically due to deregulation.

Mr Maskell-Knight—At that time, the government believed that deregulation would allow the funds and the prostheses manufacturers to come to arrangements between themselves and that the funds would be able to achieve lower unit prices than through a centrally regulated process.

Senator LEES—Did that happen?

Mr Maskell-Knight—No; the evidence tends to suggest that it did not.

Senator LEES—So are you now looking at another system to pull back the overall usage or the overall cost? What specifically are you aiming for?

Dr Morauta—The government announced a set of principles to drive new arrangements. They put those principles to the sector, to the funds and the hospitals—we have a group with consumers, doctors and so on—to have a look at how to give effect to these arrangements. I do not know whether you have seen the principles but we could table them for you.

Senator LEES—Thank you, that would be very helpful.

Dr Morauta—The principles are designed to bring into the prostheses arrangements some analyses of cost effectiveness and clinical effectiveness, not necessarily by government

regulation in detail but by the industry and the sector coming together to define some arrangements which would achieve that result.

Senator LEES—I am interested in private hospital use generally. Have any alarm bells rung there?

Dr Morauta—In terms of cost escalation, prostheses was the cost factor identified as rising most rapidly.

Senator LEES—Do you have any figures on any other rises, particularly in terms of the general hospital benefits paid?

Mr Maskell-Knight—The increase in the level of benefits paid per casemix adjusted episode has been pretty much in line with increases in costs across the health sector. I do not think there has been evidence that there has been price inflation particularly. I think the Private Hospital Association has provided evidence to this committee which suggests that the benefits per episode have actually decreased in recent years. That is a very simple average in that it does not distinguish between same day admissions and overnight ones. After adjusting for that, I think there has been a sort of moderate growth in benefits per episode, but certainly nothing like the 28 per cent increase in the unit costs that prostheses had.

Senator LEES—Some people have been concerned about the increase in the funds' administrative costs. There was suggestion here of roughly an $850 million increase, whereas the prostheses is $545 million. Is that something that you have looked at in terms of what the funds overheads are?

Mr Maskell-Knight—I think those figures you are quoting are not the increases; they are the actual total amounts. It is true to say—and one of my colleagues may be able to correct me—that the percentage of contribution income going to management expenses is trending downwards somewhat.

Senator LEES—Do you have those figures?

Mr Maskell-Knight—We have them here somewhere.

Senator LEES—I am more than happy for you to take that on notice, given the time.

Dr Morauta—We can probably provide them later in the day.

Senator LEES—That is fine. Have you looked at the possible savings in other areas by the increased utilisation or the increased quality or technology involved in the prostheses themselves. I guess it is a bit like looking at the PBS and looking at some of the new drugs and what they save elsewhere in the health system. Has there been any analysis done, particularly as we look at some of the increases due to the cost of technology, on what that technology is providing by way of improved health outcomes and savings in other parts of the health budget—for example, in surgery?

Dr Morauta—The analyses under the new arrangements would be undertaken, particularly of the high volume items such as hip prostheses in hip replacements. That would go to that as part of a comparative analysis as we do on the PBS and MBS, though in a different context. I think those factors will be taken into account, not in the sense that you can ever realise those savings in other parts of the system but they are part of the assessment of the value of the

prosthesis. Although we are not moving in such an intricate way, we are trying to move this area of health assessment in the same direction as PBAC and MSAC have gone, but not as far as they have gone.

Mr Maskell-Knight—The management expenses as a proportion of contribution income for the last three years is: 1999-2000, 13.1 per cent; 2000-01, 11.8 per cent; and 2001-02, 11.1 per cent. The PHIAC report for 2002-03 is, I believe, due to be released shortly. I understand the figure is continuing to trend in the same general direction.

Senator LEES—What data do you collect to help you in this policy area, to guide decisions?

Mr Maskell-Knight—The department does not collect data on its own account from the health insurer. It is the Private Health Insurance Administration Council which collects data.

Senator LEES—So they provide you with all the information and you move from there?

Mr Maskell-Knight—Essentially, yes.

Senator LEES—I understand that they do not collect data on the types of prostheses for which benefits are paid, and so that makes it difficult. Is that correct?

Dr Morauta—Yes, it is correct. The policy work that has been done at the moment is supported by the funds providing us with more detailed data in an aggregate level. It is not data that we control or normally get; it is data that they have aggregated in their own fashion to enable the analysis.

Senator LEES—Do they have it so that we can look, for example, at what specifically is changing, at where new technology is being used and at where perhaps some old prostheses are not being used at all? Do they actually have it and are they just not passing it on, or what?

Mr Maskell-Knight—I believe that they would have it. We might get back to you on how that data might be collected. I have an idea that perhaps another bit of the organisation has access to another collection, but we will need to get back to you.

Senator LEES—Could you get things like the numbers on each of the types of prostheses?

Dr Morauta—For the broad categories of hip replacements, I have certainly seen tables that have them within those categories.

Senator LEES—But we are looking within the categories at where they are going.

Dr Morauta—I think we will need to take that away and find out for you.

Senator LEES—Yes, I am more than happy to put that on notice. Looking at where you are going now, what are the new arrangements? What are you looking at changing? What are you looking at doing?

Dr Morauta—The proposal has not yet been completely agreed to around the sector. I think there are a number of elements that are still being worked through. I suppose we expect that by the end of this calendar year or early next year there will be a clear set of propositions and some parts of the arrangements will probably commence.

Senator LEES—Are you developing this or are your funds developing it? Who is actually doing the work?

Dr Morauta—A group of people are doing it. It is a wonder of cooperation in the sector. We have the suppliers—that is the medical devices industry—the funds, the hospitals, an AMA group and a consumer group.

Senator LEES—Is a list available of the members of that group?

Dr Morauta—We could certainly provide a list of the people who attend those meetings. We may have it with us.

Senator LEES—It is fine if you take that on notice. Have the principles that you have just passed through been finalised? Have they been adopted by the minister?

Dr Morauta—No. They were the government's principles. It put them to the sector and said, 'Can you devise something that meets these requirements? But we need your guidance because you are the experts in the field.'

Senator LEES—There is some concern about a potential increase in gap payments for individuals who undergo the procedure. Is that a real worry or something that the funds will have to look after?

Dr Morauta—I think the government's principles make it very clear that, for every MBS item for which a person is covered by their hospital cover, there will be a no-gap prosthesis. That was one of the things the government was very concerned to ensure. There was a concern that gaps might emerge in this area. So this new arrangement is to guarantee that members will be able to get a no-gap prosthesis for every clinical service they are covered for.

Senator LEES—That would tend to be the older ones. Are you going to set a benchmark average fee? Just looking at hip replacements, I understand that some of the older ones now are not being used very often, even though they are much cheaper.

Dr Morauta—The proposal is to use clinical groups to say what the appropriate clinical solution for a particular category of patients is; that perhaps will be within an MBS item. When that has been established and only when that subgroup has been established, there will be a process of pricing it, but the clinical definition of the need will go first.

Senator LEES—Would that apply to everything from pacemakers to joint replacement et cetera?

Dr Morauta—In the first instance, we will be doing five or six in the first year and then we will move on to the rest of schedule 5.

Senator LEES—What will the first five or six items be?

Ms Hancock—The first five items are hips, knees, stents, pacemakers and intraocular lenses.

Senator LEES—Do you have a breakdown of some of the costs of those items? I am just trying to get a ballpark figure of the value, particularly of the newer technology, of those we are looking at. Do you have any breakdowns in each of those five areas of the likely costs of various ones?

Dr Morauta—I do not think they are held in the department. We have had some information from the funds about average costs, but it is the sort of thing that is not very much

in the public domain; it is all in the commercial realm of what kind of deal they have with the supplier.

Senator LEES—Can't you even give us some ballpark figures on what that would be, even just looking at current costs? It would be helpful if we could just get some idea. I am really looking at the potential for gaps to grow under the new system and what might be determined as clinically acceptable as opposed to best practice.

Dr Morauta—Let us take that away and see what our colleagues in the industry would be prepared for us to provide. At the moment they are providing us with extremely general information in that area.

Senator LEES—I want to get this clear: initially there are five that you are working on?

Dr Morauta—Yes.

Senator LEES—What do you think would be the approximate time line to get those five worked through?

Dr Morauta—We hope to have done the clinical assessment and the pricing by next June. But, if we do not get there, it might be during the first year of operation, which is in the next financial year.

Senator LEES—After those first five, how many items are there?

Dr Morauta—By value, they cover about half of the prostheses area and then we would work into the others.

Senator LEES—How many items that you eventually have to work through are on the list currently?

Dr Morauta—It is something terrible like 5,000 or 8,000. But a lot of them are one-off jobs and we are really focusing on the big items at the moment.

Senator LEES—So for the first year is it the big items, these five, and then another year for the other main items?

Dr Morauta—Yes.

Senator LEES—Then another year?

Dr Morauta—We are not certain that we will ever do cost-effective assessments of some of the smaller items; that will just carry on in some way.

Mr Maskell-Knight—I suspect that you run into this law of diminishing returns—that, by the time you get down to the bottom few thousand items, they are not worth much; there is probably not much difference between one screw and another screw.

Senator LEES—Will the funds put any pressure on you for those types of items? I suppose that the pressure is on those heavy-use common items—

Mr Maskell-Knight—The expensive items.

Senator LEES—That are driving the overall pricing process.

Mr Maskell-Knight—Yes. Perhaps before we finish this particular area I could just add that there is a data source which is called the hospital case mix protocol collection. That

comes to the department directly and goes to the case mix characteristics of the episodes which private health insurance covers. There is some prostheses information available in there.

Senator LEES—Just moving off the topic slightly, does that show other items that are done in private hospitals? Are you able to compare or look at whether it is an issue at all—items that previously were done in specialist rooms that now have moved into private hospitals since a greater number of people have taken out insurance? Is that information available in that collection?

Mr Maskell-Knight—It covers the case mix classification of what insurers pay for. I think that trying to work out what the shift is from things that were done in rooms to things that are done in hospitals would be quite difficult. I think part of the regulatory structure under which health insurance operates is what are called the type B and C exclusion lists. There is a list of MBS items which you would normally not expect to be done in a hospital setting, unless a doctor certifies there is a particular need for that to occur, and then there is a number of items you would normally expect to be done on a 'same day' rather than overnight. So there is a mechanism there to militate against doctors moving things over.

Senator DENMAN—I have just a very quick question which has come out of what you have said. Let us look at the first five you are using, just to start with. If more advanced technology becomes available, will they be included, or will they have to wait with your just using the standard with them?

Dr Morauta—No. The proposal is that they would be assessed and, if they were cost effective and clinically effective, they would be listed.

Senator LEES—If they would be listed, that would mean there would be a gap?

Dr Morauta—It depends on the clinical category of need. If they are the optimal thing for that group and they are the clinically appropriate treatment, there will be no gap. It depends on the range of things available for that treatment.

Senator LEES—Is the working group—and I have not had the opportunity to read through the principles yet; it may be here—looking at notification and fully informed consent in terms of patients being briefed in the future as to what the options are, how the system works and what they might actually be faced with?

Dr Morauta—Very much so and the discussions, particularly involving the AMA representatives and the consumer, have focused very much on how patients must know what they are getting into under this new arrangement. One of the things that will simplify it for everybody is that the proposal is to have a national schedule. So anybody in a hospital or wherever they are can look on the schedule—which, for their own specialty, will be quite a narrow range of items—and will be able to inform the patient, we feel, relatively easily. In the past doctors would have an enormous range of different arrangements around it, but the proposal now is to have a national price schedule.

Senator LEES—That would show what is the benchmark cost and what the costs of other items were?

Dr Morauta—Yes. There will be a no-gap list and a gap list.

Senator LEES—The gaps would be identified and shown?

Dr Morauta—Definitely.

Senator LEES—What sorts of savings are you looking to make from the new system? What are you aiming to do?

Dr Morauta—We will get the figures for you. It looks like about $2 million for 2003-04, but I would rather go into the out year if I could. It looks like we have not got the numbers with us for this measure, but it rose to $2 million—

Senator LEES—Are you happy to take it on notice?

Dr Morauta—Yes.

Senator LEES—Are you envisaging that this will take some pressure off the trend for private health insurance to increase? Is there a further aim to take some of the pressure off the cost of private health insurance?

Dr Morauta—Very much so. It has been seen as an area that, if left unattended, would continue to increase pressure on premiums. So you are right, Senator—the aim was to reduce pressure for increases in premiums.

Senator LEES—Those are all the questions I have for now. I have a few others—perhaps I could put those on notice. I would like to get those answers before I move on. I might put something else in writing to you. Some of the other questions I have depend on what you are sending back.

Senator McLUCAS—I want to ask some questions about the withdrawal of lifestyle benefits. In September the Minister announced that private health funds had agreed to phase out a range of lifestyle benefits. Have we got a definitive list now of what will not be allowed in ancillary cover?

Dr Morauta—I will answer broadly and get my colleague Ms Hancock to fill in the detail. The arrangements do not set out a list of things that will not be supplied because there is almost an endless variety of things that could be added, or taken off in this case. Rather, it has gone to a set of principles. I am just trying to find the set of principles—if somebody can find them for me in the briefing. Ms Hancock will read them out.

Ms Hancock—'Condition of registration', which gives effect to the removal of lifestyle benefits, essentially operates in two parts. The first part is 'new additional condition of registration, 16'. That prohibits the payment of benefits for items which are primarily for the purpose of sport, recreation or entertainment. That works in tandem with new condition 19. I am happy to table a set of these if that will help.

Senator McLUCAS—Thank you.

Ms Hancock—Condition 19 allows funds to still pay benefits for those types of items where those items are part of a health management program, but the health management program has to be both approved by the organisation and intended to prevent or ameliorate a specific health condition or conditions.

Senator McLUCAS—'Approved by the organisation'—what organisation?

Ms Hancock—The health fund.

Senator McLUCAS—The health fund itself?

Ms Hancock—Yes. It has to be a program which the health fund itself has approved as a health management program.

Senator McLUCAS—Is there a doctor involved anywhere in the approval?

Ms Hancock—There could be. There doesn't have to be but there could be.

Senator McLUCAS—No. 16 says that you cannot have certain items if they are primarily for sport, recreation or entertainment.

Ms Hancock—Yes.

Senator McLUCAS—Then No. 19 says but you can if you have an approved health management program?

Ms Hancock—If those goods or services are part of a health management program and that health management program has been approved by the health fund and the health management program is intended to prevent or ameliorate a specific health condition or conditions.

Senator McLUCAS—So the funds are approving the program that would allow the benefit. I am just trying to work that out. It seems very cyclical to me.

Ms Hancock—An example may help. It has been the case that some funds have approved swimming lessons for their members. That type of activity would be ruled out by condition 19 but, for example, if somebody were having swimming lessons as part of an asthma management program then the payment of benefits would be acceptable.

Senator McLUCAS—What if it was a weight loss program or a get fit program? Would your gym shoes get back in again?

Ms Hancock—I think not. It is hard to characterise gym shoes as being for the prevention or amelioration of a specific health condition or conditions. Weight loss programs are certainly still able to be paid for if they meet condition 19.

Dr Morauta—If I might add, the link to a specific medical condition means that the person has to be on this program because of diabetes or asthma or something like that. We felt that that did not throw out the baby with the bath water in this thing but did rule out the large range of things that were being provided in other contexts.

Senator McLUCAS—So, Dr Morauta, does a person have to have a recognised ailment like diabetes or asthma?

Ms Hancock—It needs to be a specific health condition or conditions.

Dr Morauta—We are getting copies of this for you now, Senator.

Senator McLUCAS—Who was consulted in the process of developing the principles?

Ms Hancock—Health funds were consulted in the development of the words of the condition.

Senator McLUCAS—Through the AHIA?

Ms Hancock—Yes, and the Ombudsman.

Senator McLUCAS—AHIA has agreed with the conditions?

Ms Hancock—They are obliged to now that it is a condition of registration, yes. They certainly had a chance to consider a draft version and to make comments on it.

Senator McLUCAS—What was their view?

Ms Hancock—Their view was that this condition affects the removal of the payment of benefits for items primarily for the purpose of sport, recreation or entertainment, which is what they had in essence asked the minister to do when they wrote in May of this year.

Senator McLUCAS—So they are agreeing with the new conditions? Is that what you are saying?

Ms Hancock—Yes, this approach was acceptable.

Senator McLUCAS—What are the estimated savings with the redefinition of these items under the ancillary cover?

Ms Hancock—My understanding is that the savings as predicted were essentially unaffected, because most—virtually all—of the health funds that pay benefits for these types of items do so on a calendar year basis. So the announcement having been made in February this year, most funds would have members accruing entitlements already for calendar year 2003 and the condition as you will see from the tabled document requires the winding up of the payment of these types of benefits by 31 December 2003.

Dr Morauta—Just to put it in perspective, these are a very small proportion of all benefits paid by the funds—probably less than one per cent of all benefits and around three per cent of ancillary benefits.

Senator McLUCAS—Is there a dollar figure on that proportion of benefits paid?

Ms Halton—The piece of paper I have that says $30 million in benefits was paid out in 2002-03.

Senator McLUCAS—So $30 million will now not be paid out?

Ms Hancock—I will have to look at the number for you. One of the issues is that this was not a budget line item.

Senator McLUCAS—I understand that, yes.

Ms Hancock—We can get the figure from the fitness and lifestyle category for payments for this year.

Ms Halton—We will give you an estimate on notice.

Ms Hancock—One of the issues is that the fitness and lifestyle category includes a large range of things which are not sporting shoes, so it is only one part of that which will disappear.

Senator McLUCAS—I move now to the withdrawal of complementary and alternative therapy benefits. On 20 September it was reported that the former minister had asked the AHIA to investigate payouts of about $1½ million for alternative therapies last year. I

understand she requested that the association do an analysis of the effectiveness of support for those sorts of therapies. Is there an update on what has occurred after that request from AHIA?

Dr Morauta—The funds have agreed to work on it and they are doing that at the moment. They have not come back to the current minister yet with a proposal as to what they think should be done.

Senator McLUCAS—Is it possible to get a copy of the correspondence between the minister and the AHIA? Rather than me asking these questions, that would clarify very quickly what the minister has asked the industry to do.

Dr Morauta—That involves a third party, Senator. We would need to take that on notice and check with the industry whether they are happy to have that correspondence tabled.

Senator McLUCAS—Please do that. Have we given guidelines to the industry within which to assess the effectiveness of complementary and alternative therapies, rather than just ask them the bland question, 'Are they working?'

Dr Morauta—No, I think the question that the minister wanted resolved was, 'Are there distinctions that could be made among these alternative therapies?' That is the sort of question that has been put to them. They are looking into that to see for themselves whether they feel such distinctions can be made and they will advise the government.

Senator McLUCAS—Why is it that the government asked the AHIA rather than the medical profession or people involved in alternative therapies and complementary medicines?

Dr Morauta—I think initially because they know what is happening in the sector. This is in such a small area of benefits that none of the major reports, such as the PHIAC data or anything else, give us any insight into this area. There are a few things that come up and many do not. We do not have any data on this, so I think initially the government would like them to look at it because they have the knowledge of what is currently being provided or otherwise by the funds. It would not rule out the government consulting other parties at a later stage in the process.

Senator McLUCAS—To get an understanding of the payouts to private health insurance members for these complementary medicine and alternative therapy benefits, do we have a notion of that amount of money? This is similar to the question I asked about lifestyle benefits.

Ms Hancock—The category of natural therapies had $30.4 million worth of benefits for last financial year.

Senator McLUCAS—Do we know when the AHIA is going to respond?

Ms Hancock—We understand they are working on it at the moment and that a response will be with us in the not too distant future.

Senator McLUCAS—The step from there may include—

Dr Morauta—I think that would be for the minister to decide how to proceed.

Senator McLUCAS—We will come back to that next time. I turn to private health insurance industry reform. Minister Patterson announced reforms aimed at improving the

financial management of private health industry funds. Those reforms were to cover disclosure of information on management expenses and, secondly, to update their reinsurance practices. Where is that reform process up to?

Dr Morauta—I might take the one on reporting on management expenses. The present measures of management expenses are being substantially redeveloped to allow for good comparisons between funds. This work is being done between the funds, the department and the Private Health Insurance Administration Council. The first report has been received by the department from PHIAC. That will be made available and included in the first state of the health funds report. I am not sure when that is due, but it is now being prepared by the ombudsman.

Ms Hancock—That is a report by the ombudsman which you might recall is in the legislation passed by the Senate and awaiting debate in the House.

Dr Morauta—This is a stream of activity which culminates in the state of the health funds report. We hope there will be much greater clarity on these matters in the public domain from now on.

Senator McLUCAS—That essentially goes to their financial management.

Dr Morauta—The management expenses side of their work.

Senator McLUCAS—When will the ombudsman be reporting—or is that a tricky question?

Ms Halton—You can ask him yourself!

Mr Powlay—The state of the health funds report is required by the private health insurance reform bill, which is still to be approved by the parliament. Under that bill, I am required to produce a report as soon as possible after the financial year. That means as soon as possible after 30 June 2004. However, I still intend to produce a report in relation to 2002-03.

Senator McLUCAS—As soon as you get the legislation through?

Mr Powlay—Once the legislation has gone through. I expect it will be early next year.

Senator McLUCAS—Is it possible to get the report that Dr Morauta referred to, outside of that timeframe?

Mr Powlay—The management expenses?

Dr Morauta—I am not sure about that. We will take that on notice.

Mr Powlay—Are you asking for that for your information?

Senator McLUCAS—For the committee's information.

Dr Morauta—We will take that on notice. I am just not sure about it. We were talking about the people engaged in the deliberations on prostheses. We have for you here the attendees at the meeting last Friday. Faces change at meetings! That gives you a sense of the spread of people and groups engaged in the development of those arrangements. I table that now.

Senator McLUCAS—I understand that, as part of the private health insurance industry reforms, changes are aimed at rewarding funds which are efficient, and allowing those funds

to pass on the savings to their customers. Is that process being assessed? Can you give me an explanation of that, please?

Mr Maskell-Knight—I believe you are referring to the changes to reinsurance foreshadowed in April 2003. Since then, we have had an extensive consultation process with the industry. We have had lots of actuaries musing about how best to set up the system of risk based capitation, which was foreshadowed by the minister in her announcement. The new arrangements are to be fully implemented from July 2005. I think that is right.

For the next 18 months, we are going to be collecting the data required to make the new system work. Funds will be required to report that data to the Private Health Insurance Administration Council. They will carry out the calculations as if the new system were working, and report back to the funds on the outcomes of those calculations. However, the new system will not come into place fully until 1 July 2005.

Senator McLUCAS—I am not sure if it is part of the same reform process, but I understand Minister Patterson has said that funds would be given incentives to manage disease prevention and health promotion programs. Are they part of the same program?

Mr Maskell-Knight—That is part of the same process. The fundamental idea underlying risk based capitation is that funds get the average amount of money they need to pay out benefits to reflect their membership profile. If they are able to treat their members for less than the average amount of money, because they can track down all their diabetics, treat their complications early and stop them going into hospital, then they can keep the savings they achieve by not having all their diabetics admitted. The new system of reinsurance is intended to create much stronger incentives for health funds to manage those sorts of risks.

Senator McLUCAS—What were the incentives the government was offering?

Mr Maskell-Knight—They were not incentives in the sense of: 'We will give you money if you do X.' Effectively, they were to retain the savings they achieve and not have them washed away through the reinsurance arrangements.

Senator McLUCAS—Mr Powlay, do you have an update on numbers of calls and complaints over premium increases for the last period?

Mr Powlay—Yes, I do. My annual report for 2002-03 includes a detailed table on complaints of premium increases by health fund. Overall, in the year 2002-03, we received 685 complaints about health fund premiums compared with 583 complaints last year. The majority of those complaints, as you would expect, were received around the April/May time frame, when the premiums went up. Since the end of the last financial year, we have received virtually no complaints about premiums. It really only happens at the time premiums increase.

Senator McLUCAS—The previous ombudsman was critical of the use of averaging to describe increases in premium rises. I understand the industry average this year is 7.4 per cent, but one fund has increased its premiums by 50 per cent. Are you trying to report differently, so you can reflect not only the average but also the range—so people get a feel for where they fit in the scheme of things?

Mr Powlay—I have not reported on the range of premium rises. The figures I was talking about in my annual report indicate the number of complaints for each fund and the average

premium increase for each fund rather than just the industry average. But the average premium increase for each fund is usually tabled by the minister each year after the premium increases come in. The highest average increase for any individual fund was about 19.6 per cent, but you are correct that there were individual products within individual funds that rose by 50 per cent or more. I am probably more pragmatic than my predecessor about announcing an average industry increase. I think the reality is that the media likes one number. Even if you gave them a whole lot of numbers, they would probably only report one anyway.

In terms of premium complaints this year, my observations would be that by and large, for the vast majority of funds, we did not have a significant number of premium complaints at all. Two or three funds with products that increased by more than twice the industry average or by 50 per cent accounted for the vast majority of complaints that we got. In general I would say that, judging by the people who complain to us, the fact that premiums go up is not an area of complaint. It is when premiums go up by an unacceptable amount—an unacceptably high amount, regardless of what the industry average is—that people will complain.

Senator McLUCAS—I dare say they complain irrespective of whether or not the insurer provides them with good information or just sends them the bill.

Mr Powlay—My view, based on our experience, is that the quality of information that the fund provides makes a big difference to whether or not people complain. There are funds this year, for example, that had increases in the order of 12 to 15 per cent about which we got proportionally fewer complaints than we did about funds that had increases on average of seven per cent. I attribute that to the quality and the tone of information provided to contributors about the reasons for the increase.

Senator McLUCAS—I have not read your report; I apologise for that.

Mr Powlay—That is okay.

Senator McLUCAS—Do you make reference to that in your report?

Mr Powlay—I do, and I have an interesting case study that I am sure you will enjoy reading.

Senator McLUCAS—I promise to read it! As the ombudsman you do not have a role in looking at the question of the ongoing viability of insurance providers, do you?

Mr Powlay—No, that is more directly a matter for the Private Health Insurance Administration Council—although if they become aware of problems they sometimes will ask my opinion or alert me to those issues.

Senator McLUCAS—Thank you. I now have some questions for Medibank Private.

[4.03 p.m.]

Medibank Private

Senator McLUCAS—I wanted to ask you about your blue ribbon hospital cover level 3. I understand in August you wrote to members who had that level of cover to tell them that it was going to be abolished on 1 November. What were the reasons for removing that blue ribbon hospital cover level 3?

Mr Westaway—Yes, that is correct. In late August we advised approximately 35,000 policy holders of the change to one of our blue ribbon levels of cover—it was an excess level 3. We did a migration, moving those members onto the next excess level, so up to an excess level 2. In effect their excess was reduced and there was obviously a commensurate change in premium as a result.

Senator McLUCAS—What was the premium, and what did it change to?

Mr Westaway—I can quote the figures with or without the 30 per cent rebate. I am not sure which way you want to do it.

Senator McLUCAS—Both might be useful.

Mr Westaway—At the end of the day the member experiences the rebate, so including the 30 per cent rebate—and you have different prices in different states; I will use New South Wales as a good example—the price change in the premium for a single policyholder was $13.45 for a month.

Senator McLUCAS—What is the annual amount?

Mr Westaway—To annualise that you just multiply that figure by 12. That is for a single member. For a family policyholder, that figure would effectively be doubled, so you would be looking at a change of about $27 a month.

Senator McLUCAS—So $27 times 12 will give you the total for a family policy?

Mr Westaway—Yes.

Senator McLUCAS—I understand that when you advised them you essentially told them, 'This is what we'll do: we'll move you up to level 2 unless you advise us differently.' Would you agree?

Mr Westaway—Effectively, you have to communicate in writing, and we do. At Medibank we work on a two-month notice period. We consult with, obviously, the department, the Ombudsman and the ACCC just to give all key stakeholders an understanding of what we are doing. When we write to members, we advise them of the change. They can be automatically moved up to the new level, but the member does have the option to look at another product within the suite we have. With that particular migration they take all of their benefits with them so that there is no change in terms of their loading period for any pre-existing ailments and so forth. Clearly, the member does have options in terms of what they want to do, but we suggest that the most appropriate move for them is to keep the same level of cover but pay a different level of excess.

Senator McLUCAS—Why did you remove level 3?

Mr Westaway—The product was formally closed on 1 September, and the change took effect from 1 November.

Senator McLUCAS—But why did you remove level 3 as a type of cover?

Mr Westaway—In effect, the product was losing a lot of money. A couple of years ago Medibank Private experienced a very poor financial performance. We lost $175 million. Obviously, we have had a much improved performance in this financial year—a significant turnaround—to have a small operating surplus. The board of Medibank Private has a view

that we do not carry loss leading products. What I mean by that is that we do not carry or seek to carry products that have a negative margin that cannot be rectified without a significant change in their premium. At the end of the day we are a not-for-profit entity. It is very important that we have a sustainable suite of products moving forward, and there was a decision made that the excess level 3, that Blue Ribbon product, was not a sustainable product in its current form. A decision was made in order to move that up to a different excess level and remove the excess level 3 for that particular product.

Senator McLUCAS—I understand that the main difference between a level 2 and a level 3 is in the hospital excess.

Mr Westaway—That is correct, that is the difference. Effectively, you look at your level of premium versus the level of excess. We have reduced the level of excess, but when you do that, in terms of any sort of insurance, obviously the price is at a higher level.

Senator McLUCAS—Was consideration given to increasing the premium for level 3 instead of just abolishing level 3?

Mr Westaway—Consideration was given to that at both a management and a board level. At the end of the day, looking forward to the out years, our actuarial advice was that that product was not sustainable in its current format. Clearly, there was a significant change in the premium—we are not walking away from that. We advised members in writing and had a telecommunications process, through both our call centres and our retail outlets, talking to members about how to best manage the change. At the end of the day, the product was not sustainable at that level of excess with the premium that was levied for that particular product. There was a decision to be made, and we feel that we have made the right decision.

CHAIR—I point out that we did decide to move on to outcomes 4, 5 and 9 at four o'clock and it is now 10 past four.

Senator McLUCAS—We started this after four.

CHAIR—That was because of one of your colleagues. If we are going to keep to this schedule, we are going to have to be fairly rigorous about it. Do you have any questions that you cannot place on notice?

Senator McLUCAS—I have a couple more questions. I will be as quick as I can. How many complaints did Medibank Private receive from members following the letter that level 3 would be abolished?

Mr Westaway—I will have to take that on notice. I can give you a formal answer in terms of the internal complaints we have received. Anecdotally, it is about 50 written complaints, but I am happy to take that on notice and give you a proper answer. We have a complaints unit that logs every single letter we receive. In terms of complaints through a member of parliament done through a ministerial process, the number has been very small. Again, I can take that on notice and provide you with an answer.

Senator McLUCAS—What about complaints by phone? Do you log the phone complaints as well?

Mr Westaway—Yes, we do. I can also take that on notice. That is a little more difficult, but I will endeavour to see what we can do for you.

Senator McLUCAS—Thank you. Finally, does Medibank Private have any other products that are making a loss at the moment?

Mr Westaway—That is a fairly commercially sensitive question to ask. At the time we migrated the excess level 3 for the Blue Ribbon Hospital product we also migrated another product, Smart Choice excess level 3. That product was in the same boat in terms of its sustainability. We also closed a number of very small products which were of a corporate nature and which are actually currently closed to the public. We just formally migrated those members on to another product stream. I would have to take advice as to whether I can provide details of the particular profitability of each of our products. Clearly it is a fairly commercial question.

Senator McLUCAS—I understand that. Do not bother doing that, but could you provide me with a list of those other products that you have migrated?

Mr Westaway—Yes, I can do that. We can provide a formal written answer in respect of that.

Senator McLUCAS—Can you do it for the ones you have closed as well?

Mr Westaway—Yes, I will do that. There are 14 products in addition to those other two. I do not have the full list of those here. We can provide those for you. That is no problem.

Senator McLUCAS—I have asked for the number of complaints—I think specifically about Blue Ribbon Hospital cover level 3. However, if the complaints are about all of those changed products—

Mr Westaway—We can bundle those up as one.

Senator McLUCAS—If they are separate, leave them separate. If they are not, do not bother separating them.

Mr Westaway—Okay.

CHAIR—We now move to outcomes 4, 5 and 9. We have indicated that we will try to move on to the NHMRC at five o'clock. Are there questions on outcome 4, Quality health care?

Senator DENMAN—I have some on mental health as well as Alzheimer's disease and dementia.

Ms Halton—Is it actually under outcome 4 that you want to talk about dementia?

Senator DENMAN—Yes, it is down here as outcome 4.

Ms Halton—It is just that it tends to crop up in several areas.

Senator DENMAN—I realise that. If this is not the right program, just stop me. At the June estimates hearing, Professor Mathews answered some questions of mine. He indicated that the TGA committee was having a watching brief over the relationship between women of 65 years, HRT and dementia. Has any report been done on those studies yet?

Ms Halton—That is actually a TGA question, which is program 7. But we will tell them you would like to know so they can have an answer for you.

Senator DENMAN—I will leave it until program 7 then.

CHAIR—Were the questions on Alzheimer's disease also for the TGA?

Senator DENMAN—No, the next questions are not. It was just that one. An extra $10 million over four years has been provided for the expansion of the psychogeriatric care program.

Ms Halton—That is aged care, Senator.

Senator DENMAN—Okay. Let us leave them and I will do them later.

Ms Halton—I think we have actually finished aged care.

Senator DENMAN—Right. I will put them on notice.

Ms Halton—Thank you.

CHAIR—Are there any other questions on outcome 4? If not, we will move to outcome 5.

Senator McLUCAS—My question is about medical school places. Is that outcome 4?

Mr Wells—It is actually outcome 9.

Senator McLUCAS—My question concerns the table that was provided to the Medicare inquiry. I want to track across it, if you do not mind. I think you might have prepared it; it is the table that was provided to the Medicare inquiry about the allocation of medical school places for 2002-04. Do you have that document in front of you?

Ms Halton—We are not sure. Why don't you fire away with the question and we will see.

Senator McLUCAS—I want to get an understanding of where the figures come from. I know you say they are from DEST, but the question I want to ask goes to a report in the *Australian*—or maybe in the *Sydney Morning Herald*—that talked about 234 medical places not actually being additional to the current DEST funded places. I want you to show me whether or not that is correct.

Ms Halton—While my colleagues are thinking about it, I recall that newspaper article. I think it was not completely accurate in fact. There were two issues confounded in that newspaper article, one of which was in relation to the addition of places and the other of which was in relation to how the bonded places were distributed.

Senator McLUCAS—There were two parts to it, yes.

Ms Halton—Categorically, there are an additional 234 places available. The issue that I think got confounded in that piece in the newspaper concerned how bonded places were distributed.

Senator McLUCAS—I will go to that question subsequently.

Mr Wells—I now have the table in front of me.

Senator McLUCAS—The first column shows the DEST unbonded places. That adds up to a total in Australia of 1,339. You say that that is from the latest actual data available from DEST. Are those numbers the actual numbers of students making up the intake into each university in 2002?

Mr Wells—Yes. There is a census date, which is universal across all the universities. They report, as at that date, students enrolled in the various courses. Those are the figures for medicine for those universities as at that date.

Senator McLUCAS—So they are the actual number of people enrolled? Sometimes the number of funded places is different to the number of people who have actually enrolled.

Mr Wells—These are the figures of students enrolled as at that date. But for medicine you will find those numbers are pretty much aligned, because currently there are no private fee paying places in medicine.

Senator McLUCAS—Let us hope it stays that way.

Mr Wells—And there are no overenrolments, because of the cost. The cost to a university of overenrolling is quite high.

Senator McLUCAS—So overenrolment does not occur so much in medicine?

Mr Wells—Our advice is it would be negligible.

Senator McLUCAS—Then let us go the question of the percentage of bonded places. During the inquiry people talked about 16 per cent being added to each—

Mr Wells—The 234 places, which were additional places and funded in the budget as additional places, were a 16 per cent increase on the total number of medical school places; that is right.

Senator McLUCAS—With the exception of Tasmania, I understand.

Mr Wells—The 234 were a 16 per cent—

Senator McLUCAS—Didn't we give more to Tasmania, though?

Ms Halton—That is a different issue. That is about distribution of the places.

Mr Wells—Each university did not get 16 per cent more places. In distributing the places, first of all, the smaller universities were taken up to a minimum intake of 80 places. Queensland and Western Australia were given a proportionally higher number of places because of population and other need factors. But the total number—the 234—represents a 16 per cent increase on the total national number of medical school places as at the starting point.

Senator McLUCAS—Thank you. What is the update on the allocation to the Gold Coast?

Mr Wells—In the case of Queensland, 50 places were set aside for a new medical school at the Gold Coast, which the government has indicated would be Griffith University. Griffith University is currently going through the process of accreditation through the Australian Medical Council; 40 of those 50 places for the year 2004 have been offered to and accepted by the University of Queensland and 10 have gone to James Cook University for the period until the other university comes on stream.

Senator McLUCAS—Okay. And then James Cook has to give them back at some time?

Mr Wells—It is not so much a case of giving them back. The offer was: 'Would you like these places for a year or a period?' They will keep those students all the way through, but the next year they will not necessarily have that number of places in their intake.

Senator McLUCAS—That is a shame. On the document, you have not shown the 50 for the Gold Coast university.

Mr Wells—There is an asterisk there for the Gold Coast. Places earmarked for these universities have been allocated to other universities within the state until their new medical schools are approved for intake.

Senator McLUCAS—So if I were to take 40 off UQ out of 216, would that be correct?

Mr Wells—No. You would take 40 off 275. That is in the final column.

Senator McLUCAS—And 10 off James Cook?

Mr Wells—And 10 off James Cook to get the Griffith notional allocation.

Senator McLUCAS—Just so my table is right, in Western Australia Notre Dame is in a similar situation.

Mr Wells—It is in a similar situation. The number there is 30 set aside for Notre Dame and those 30 are being taken up in the interim by the University of Western Australia.

Senator McLUCAS—That is good. I might have to come back to questions on that at some point. The figures vary from other data that we have received, but I will come back to that at another time.

CHAIR—Are there further questions on outcome 4?

Senator MOORE—I have got two questions, and they are both under performance information. I have two quite specific questions from the annual report, pages 153 and 158. The first question is to do with the Rural Women's GP Services—the program that was brought in—and the encouragement to provide specialist women's health in rural areas. It says on page 153 that 57 per cent of the available services are receiving benefits through that area. I was wondering why it is 57 per cent and what the plan is to bring it up to the full service provision across the 181 approved locations.

Ms L. Smith—That particular figure tends to change. It really just depends on, firstly, the number of GPs available and going in to those places. There are a set number of eligible locations, so the number of places receiving services varies. I think it probably varies from week to week and from month to month.

Senator MOORE—It was my understanding that it was supposed to cover the area and that it was supposed to pick up, from Queensland, for instance, across mainly the western areas. I was unaware that it varied quite that quickly. I thought it was supposed to go to Winton—that kind of thing. How do we know whether those services are being received if the locations and the availability are varying so much? How do you effectively monitor that service?

Ms L. Smith—The Royal Flying Doctor Service are contracted to deliver the service, so we are able to get reports from them. I believe that the take-up will increase over time. At the moment, whilst there are locations approved, the service itself may not always be fully set up. There are a lot of arrangements to make within the communities with the general practitioners who are already there. Sometimes it takes a little longer for the services to be fully provided. I think that is another factor that goes into that. But we certainly do keep in touch with the

RFDS about what is happening in respect of eligible locations and the services that they are receiving.

Senator MOORE—Is this a three-year program?

Ms L. Smith—It is a four-year program.

Senator MOORE—My other question has to do with the national database for mental health that we talked about at the last estimates, which is on page 158. We talked briefly at the last estimates—and it was also in the annual report—about the fact that we are hoping to get the pilot operating in the second half of 2003 on the mainstream database in the mental health area. I was wondering whether that happened.

Mr Casey—Pilot testing of the beta version is being done by Lifeline at the moment. I have been advised that they expect to be able to demonstrate that later in this month. They are at the beta version now; it is being tested in Tasmania, through Lifeline there, and they are just ironing out some of the last difficulties.

Senator MOORE—On that basis, at the February estimates we should be able to get some more information about how that is ticking over?

Mr Casey—I would hope by February to be able to update you on how that database is being used by other telephone and counselling services. As I think I said before, this database has been designed to try to bring together community information so that different helping agencies can all access the same source.

Senator MOORE—So they can get the same information and refer people effectively.

Mr Casey—That is effectively the case.

Senator MOORE—So this stage of testing is now in Tasmania. Then, if it is working, is the expectation that it would be rolled out during 2004 to other places?

Mr Casey—Our agreement with Lifeline is that we have provided funds for the development of this resource and Lifeline are taking the lead in working with other agencies, such as Kids Help Line and Reachout! on negotiating on how best to take this forward as a shared resource. I could probably advise you later on about where those plans are up to, but I do not know the exact details of what the implementation is between the testing of the beta version and the roll-out with the other agencies.

Senator MOORE—Could I get an update on that, not urgently but on notice between now and February?

Mr Casey—I would be very happy to do that.

Senator MURPHY—My questions are to do with RRMA, and might come under outcome 4 or 5. Under the last minister, I had a meeting with some of your staff—I think Ms Smith was there—and I have been waiting for a response to that discussion about where the lines on the map are with respect to the West Tamar area of Tasmania.

Ms L. Smith—I thought we had provided you with a response to your question.

Senator MURPHY—No. Are you are referring to a question that was raised at estimates or to a question that we discussed at the meeting in my office with the former minister's adviser?

Ms L. Smith—Please ask the question; I am not sure which question it is.

Senator MURPHY—I am still curious about the lines that were drawn, I assume in 1996, in respect of the West Tamar region which make it a RRMA 3.

Ms L. Smith—In respect of the West Tamar region itself?

Senator MURPHY—Yes. This is the little map I was given.

Ms L. Smith—That is right. I have seen that map.

Senator MURPHY—Yes, I suppose you have, Ms Smith. Is Mr Paul Nelson present? Perhaps he can explain it.

Ms L. Smith—He probably could explain it very well. The town of Launceston spans four different statistical local areas, which is the measurement that RRMA utilises. West Tamar is part of one of these statistical local areas. The RRMA classification is determined on where it fits in the statistical local areas. It fits into where Launceston is, so it is classified as a RRMA 3.

Senator MURPHY—I might need to have that in writing to decipher it.

Ms L. Smith—I am sure we can provide a much more technical explanation. We could take that on notice.

Senator MURPHY—I am sure you could; but I do not accept it. When we had the discussion in my office we went through all of the measurements that were used to determine the statistical local area—which I understand is done by the ABS—and it is not possible to conclude that the West Tamar would be a RRMA 3. That is the problem. If you look at the map that I was given, with the yellow, the orange and the green and took all of the criteria that is to be applied—as I think I posed to the previous minister, you and your colleague—it is not conceivably possible. I was waiting to get back an answer on how it was concluded that the West Tamar region could fall into RRMA 3.

Mr Davies—As you rightly point out, the RRMA formula and the application of that formula is carried out by the ABS—

Senator MURPHY—I understand that.

Mr Davies—so I think the best we can offer you at this stage is that we will go away and take this matter up with the ABS.

Senator MURPHY—I got that far before.

Ms L. Smith—And we have, and I have given you the answer.

Senator MURPHY—I have not advanced much. So I have come here to try and advance.

Ms L. Smith—The answer the ABS gives is that, because it falls into that SLA with Launceston, it becomes classified as a RRMA 3.

Senator MURPHY—I read it with interest. The initial response went something like this: it was done by the ABS and it is there, and we cannot change it. But, if we are talking about changes, it can be changed and it has changed over time. We know these things. There are population changes—for instance, in a response to Senator Forshaw, I think the department referred to Nimbin. It is interesting, to say the least. I have tried my best to accumulate all of the information and to accept what is being put to me—that this somehow falls within a RRMA 3—and it just does not stack up. I cannot see, as I have said before, why it cannot be changed, why it cannot be amended, to be representative of the facts.

Senator McLUCAS—Is it because, if we start breaking an SLA, there will be a flow-on effect in a whole range of places like Kenilworth in Queensland and Nimbin in New South Wales?

Ms Halton—That was precisely the point I was about to make. Essentially, the statistical local areas are units which are determined from time to time by the Bureau of Statistics—

Senator MURPHY—I understand that.

Ms Halton—which they then classify according to a series of criteria. Senator, what you are saying is you do not believe that those criteria have been applied consistently and therefore this is not correct. If you have got evidence of that, I am happy to take it up with the ABS. But essentially my understanding is that the ABS apply a series of objective criteria to determine what this classification is. As I understand your concern, it is that this is a region which you believe on balance does not fit the characteristics of RRMA 3, whereas I think what Ms Smith is explaining is that the reason it is classified as RRMA 3 is that it has—as I understand it—a proportion of Launceston in it. And the bit of it which comprises Launceston weights the whole SLA as being RRMA 3.

Senator MURPHY—I know it is difficult for you to see this little map—

Ms Halton—You are correct.

Senator MURPHY—but the hatched area here in red represents the Launceston urban area. On this side of the Tamar River it runs further to the north. The orange area extends about half the way down the river. The hatched area on the west side of the Tamar River is a very small proportion which went in in 1996—for whatever reason, and that is the difficulty I have. But, in terms of population base, access to amenity, all of the criteria that are used for the purposes of determining a classification for an area, this does not—

Ms Halton—I think the point is that RRMA 3, by definition, is going to encompass a variety. It is not saying that one side of that line is the same as the other side. It is simply saying that, in terms of the great balance of characteristics of RRMA 3 regions, that is where it fits. It is not saying that one side is the same as the other. It is saying that, in terms of the classification, that is where it fits.

Senator MURPHY—I have got to say, Ms Halton, that I do not accept that. One thing I try to do is to apply logic and commonsense to most things that I deal with. There is no logic to this; there is no commonsense to it. The reality is that, in terms of the provision of health services, they ought to be provided on the basis of relativity and need. They are not.

Ms Halton—Senator, the whole reason we have a classification is basically to try and bring some objectivity to a matter—

Senator MURPHY—Well, there is none here.

Ms Halton—which people do get quite passionate about. The reality is that, in people's perceptions, statistical systems sometimes, in the way they classify, bring with them the odd wrinkle. I am happy for people to give you a very detailed explanation, which we will get from the ABS, as to what are the characteristics of this region which cause it to fall into RRMA 3. You are saying that that is not correct. If you do have information that says it has been misclassified, there is some error, I am very happy to take that to the ABS for you.

Senator Ian Campbell—Could I add to that?

Senator MURPHY—Yes.

Senator Ian Campbell—I have just left that portfolio. I was actually responsible for the ABS. Could I just say that I am happy to organise a meeting directly with the relevant person, but, better than that, a submission to the Australian Statistical Advisory Council, which is set up to advise the ABS on just these sorts of issues. I would be very happy to facilitate that. I think that would actually be the way forward.

Senator MURPHY—It might be the way forward, but can I say—

Senator TCHEN—Minister, if I may give my two cents worth in this: I can understand what Senator Murphy's frustration is—

Senator Ian Campbell—So can I.

Senator TCHEN—because basically what he does not want is the department to go back to the ABS and say, 'ABS, you fix this.' The ABS is a statistical, almost academic organisation. It tries to come up with divisions on a statistical basis, which suits the purposes of statisticians. The department are saying, 'We are not going to get ourselves involved in classifying regions, so we'll ask the experts to classify regions.' Right? However, statisticians classify according to academic criteria, which may or may not suit your department's particular service requirements. But the department have made a decision not to get involved in classifying regions. So you take the statistical reasons—

Ms Halton—Senator—

Senator TCHEN—No, let me finish, Ms Halton. So what the department really have to do—I have not yet come across any evidence that they have actually done so—is say, 'We want to classify our service regions according to particular standards.' Most of these standards are taken care of by the ABS, but not all. Why do the department want that particular division?

Ms Halton—I think you need to understand this is not a departmental decision; this is a government decision. This is not something on which the department has independently taken a decision. The government decided—and, can I say, previous governments have decided this as well; it is not a matter of one side of politics or the other. The reality is that governments have to have independent bases on which to make these sorts of decisions. In this particular case, governments decided that they would base a number of programs around an objective,

statistical method of classifying regions because the history in these areas is that, if you do not have some independent arbiter who decides these things, it becomes very difficult to separate from the objective matters the politics and the individual passions that people rightly have about their electorates.

It is not reasonable to say that the department has abrogated its responsibilities and given them to a bunch of academic statisticians. I think the ABS actually are very conscious of the need to produce a method of classification which is useful to the range of organisations that use it. I accept absolutely Senator Murphy's concern that there might have been an error. The minister has made one offer; if that is not acceptable we can perhaps find some other way of dealing with it. But the reality is that we as an organisation are not resourced—nor is it appropriate for us—to turn ourselves into a statistical organisation.

Senator TCHEN—I have already said that, Ms Halton. I said—

Ms Halton—That is right.

Senator TCHEN—quite rightly you do not wish to get involved in the division.

CHAIR—Can I butt in here. This is not taking us anywhere. We have a limited time to deal with this. An offer has been made by the minister to try to resolve the matter, and clearly it would have to be considered at the whole-of-government level, not at the department of health level. Senator Murphy, my suggestion as the chair is that you might consider taking up that offer. It is certainly not a matter we are going to pursue now. This is not going to take us anywhere within this particular set of procedures.

Senator MURPHY—With regard to the minister's offer, when I had the discussion with the previous minister's adviser and the two departmental officers I understood as a result of the information I was given at that time that the department was going to go to the ABS and raise questions about the objectivity of the application. It is pretty easy to see. Looking at the map that I was given, from an objective, statistical point of view you cannot classify this part of the area RRMA 3 and this part of the area RRMA 4. It is not possible from any objective point of view.

CHAIR—I am sorry, but we have to move on. The point has been made. That is not a matter the department of health can deal with.

Senator Ian Campbell—But it is a good issue for ASAC to deal with, and if you would like to—

Senator MURPHY—Minister, it will be a good issue for the government to fix, I can assure you of that.

Senator McLUCAS—This is an issue that has been running through this committee for a long time. The point that Senator Murphy is making is, I think, reasonable: why is it that we cannot break an SLA in half? An SLA is simply a building block. It is developed out of a number of CCDs. There is not necessarily a community of interest in the whole SLA; it is simply a collection of census collection districts that are built up. The ABS is not necessarily saying that because this is the boundary of the SLA there is a homogeneity within that area. It is simply a boundary that has an average number of residents in it.

Ms Halton—Senator, again, if I go back to the history of these things, fundamentally, once we start making what would be essentially arbitrary decisions about which SLAs we would cut up and which ones we would not in order to meet some community of interest, we end up in a very difficult position.

Senator McLUCAS—There are only a few hot spots around the place. We know them—this committee has heard them over and over again.

Ms Halton—I think it is fair to say that we are conscious of that and we have had discussions with the ABS about these sorts of issues. The offer that the minister has made in relation to this particular case may well be something that can be broadened. I suspect we would have a consensus about where those hot spots are if we sat down with a piece of paper. I think we would be very happy to go to the ABS and raise those particular issues with them.

Senator McLUCAS—In the last estimates we were talking about the ARIA classification and how that was going to help solve this problem. Can you give us an update of where we are with ARIA?

Ms L. Smith—ARIA is just another classification—and is one of probably a number. I suppose it is not a matter of updating you about where we are at with ARIA—ARIA exists in various forms. We have versions of it. We have GPARIA and we have PhARIA. There are lots of versions of it. I suppose the issue is about whether or not it gets applied to particular programs.

Senator McLUCAS—That is the question I am asking.

Ms L. Smith—Clearly, that is a decision that government makes in relation to particular programs.

Senator McLUCAS—If you applied ARIA, would it start solving some of these hot spots around the country?

Ms Halton—I suspect it would probably create different hot spots.

Senator McLUCAS—That is reasonable. How many hot spots do you think we have?

Ms Halton—You are asking for an opinion, Senator.

Senator McLUCAS—Fair enough.

CHAIR—That is a rhetorical question.

Senator McLUCAS—No, it is not rhetorical; I was asking for an opinion—a straight opinion.

CHAIR—Are there any other questions on outcomes 4 or 5 before we move to outcome 9?

Senator McLUCAS—I have a question on GP training places. In my question on notice I asked for the state by state breakdown of the 150 new GP training places and a separation between the current 450 and the new 150. The advice I got was that the breakdown would be provided when available. What is so hard? That is not meant to be a rude question; I just want to know what is so tricky about it.

Ms L. Smith—Unfortunately the ministerial reshuffle has contributed to the time delay here. We need our new minister to endorse the proposed places. Obviously, General Practice

Education and Training have come up with a proposed allocation, but we really do need to get the minister to endorse that because he is the shareholder. Once that has happened, we will be happy to provide those to you. I apologise for the delay.

Senator McLUCAS—So GPET have made a recommendation to the minister about the 150 places?

Ms L. Smith—They have not yet. They have certainly come to the department with a proposal, and we now need to have the minister endorse that.

Senator McLUCAS—Can you tell me about the take-up of the current 450? Is there ability for you to tell me where the 450 are allocated on a state by state basis?

Ms L. Smith—We can get that information for you.

Senator McLUCAS—That is available?

Ms L. Smith—Yes.

Senator McLUCAS—And also the take-up of that 450—

Ms L. Smith—Of last year's places?

Senator McLUCAS—Last year's and the extra 150. Can you get me an explanation of where that is?

Ms L. Smith—That is fine, yes.

Senator McLUCAS—Could you do that now?

Ms L. Smith—I will have to take it on notice. I can probably get it to you in an hour or so.

Senator McLUCAS—That would be good. Do you know the current take-up of the new places?

Ms L. Smith—For next year, or for this year?

Senator McLUCAS—We do not know that yet, do we?

Ms L. Smith—It is still in progress. Clearly, there have been some articles, I think in a lot of the doctor magazines, suggesting that there will be a shortfall in places. However, the whole process of selection is not yet finalised so it would be difficult to say.

Senator McLUCAS—Are you saying that a lot of the commentary says there will be a shortfall in take-up?

Ms L. Smith—What people have suggested so far is that for next year, where we have the 600 places available, in filling those places the total 600 may not be taken up. But as yet the selection process for next year is still under way and not finalised.

Senator McLUCAS—When does that finish?

Ms L. Smith—I think it is in the next month or so.

Senator McLUCAS—GPET manage that. Is that right?

Ms L. Smith—That is correct.

Senator McLUCAS—And then they advise government whether those places have been taken up or not?

Ms L. Smith—They would advise us exactly where they have managed to place people, and they would advise us as to whether there is a shortfall.

Senator McLUCAS—What is the process they go through? I recognise that the minister has got to approve it, but what process does GPET go through to identify where the places shall be shared out?

Ms L. Smith—They come up with their proposed allocation of places based on what regional training providers think they can offer in terms of placements that will provide a good experience for training general practitioners. They look at it on a state by state basis and they take into consideration things like the AMWAC data around work force from the last couple of years. So they take a number of things into consideration and they develop what I guess is a bit of a plan for where the places might fall. They then, of course, rely as well on applicants. Applicants obviously have preferences about where it is they would like to do their training, so that then adds in to the mix another factor that determines what the final outcome will be. They also go through a process of interviewing referees. It is quite a lengthy process to determine, first of all, whether a person is able to be offered a place and, secondly, where that place is that they are offered.

Senator McLUCAS—Is it also possible for you to do the split of the 600 places, urban to rural? Is that something that is easily done?

Ms L. Smith—Yes, that can be done.

Senator McLUCAS—And also the take-up, urban to rural.

Ms L. Smith—Yes, we can provide that. I have not got it with me right at the moment but we can easily get it.

Senator McLUCAS—A recent article in *Australian Doctor* said that 100 of the 130 vacant positions were in the rural GP training pathway. Is that the sort of understanding that you have of the take-up as it is at the moment?

Ms L. Smith—As it currently is, GPET have certainly been giving us updates as to how things are looking. As to how it looks in the final version, we do not have that information as yet.

Senator McLUCAS—If we could get that and the answer to the old question on notice, whenever the minister is finished with it, that would be good, thank you.

CHAIR—Is that all on GP training, Senator?

Senator McLUCAS—Yes, thank you.

CHAIR—Is there anything else in outcomes 4 and 5? Did you have something on practice nurses that you wanted to ask?

Senator McLUCAS—Yes, on IT expenditure for GPs through PIP. We talked at last estimates about $30 million that was allocated to GPs out of the last PIP IT payment bucket, whatever it is called. I think you told us that there would be a second round of that payment within 18 months if certain milestones were reached. I think that was the extent of the information that we got at that time. I think we were a bit astonished at the $30 million for nothing. What is the planning now for the next round of that GP IT money?

Ms L. Smith—For the next round of funding we have now convened a working group with the profession and that group is currently working up what the requirements for the second payment will be. It is anticipated that that payment will be made in August next year.

Senator McLUCAS—Who is on the working group?

Ms L. Smith—We have the AMA, the Royal College of General Practitioners, the Rural Doctors Association, Australian Divisions of General Practice, GPAC, the Health Insurance Commission, the Red Tape Task Force and us.

Senator McLUCAS—Us being the OHA?

Ms L. Smith—Yes, that is us—health.

Senator McLUCAS—I am trying to work out what the criteria might be. What are the parameters of the discussion we are having?

Ms L. Smith—Very broadly, we have had about three meetings now. The group seems to be leaning towards requirements around, particularly, security for IT systems and probably some simple recording of electronic health record data.

Senator McLUCAS—I am sorry—simple recording of electronic health record data?

Ms L. Smith—Yes. I mean keeping information electronically about patients and their health.

Senator McLUCAS—What proportion of doctors do not have their patient records electronically now?

Ms L. Smith—I could not answer that. We could probably try and estimate that, but I think it would be a little difficult.

Ms Halton—Actually, I think we would find it very hard to give you an estimate.

Senator McLUCAS—We have spent a lot of money—$400 million—over a while on IT initiatives. Do we know what is being delivered through the expenditure of that money? Is there some report that says, 'This is what we have now got for that expenditure'? I am surprised that we are still trying to get doctors to put patient records into a computer. After all this time, and a lot of money, I would have thought that that would have been one of the first things that we had spent the money on.

Mr Stuart—There are a range of differing applications that GPs can use computers for. I think it is now true to say that most GPs are using computers for electronic prescribing, and electronic claiming is very important. Electronic storage of patient records is another step which is quite complicated for a couple of reasons. There are privacy and security issues which need resolution and there are secure communication requirements, but, more than that, there has not been a standard code set in which doctors can store patient information of the kind that they might otherwise write on case notes. This is quite a complex area. Doctors do not just write 'the flu'. They write 'upper respiratory tract infection' or whatever.

Senator McLUCAS—My doctor does it for me. I am aware of that.

Mr Stuart—Doctors use a range of different nomenclatures, and there has been significant effort to solve some of those problems in that area. Electronic patient records are something

that some doctors are doing. A variety of doctors are doing it in different ways, but there are still some problems to resolve.

Senator McLUCAS—I go back to my question: do we have an analysis of the effectiveness of the money that has been spent on IT in general practice over the last three or four years? It has been a lot of money.

Ms Halton—I am not aware of one seminal study into this. I think, as Mr Stuart says, we can point to particular kinds of changes in the way general practice is operating. I think the one he has talked about, which is the move to electronic prescribing, is a very significant one, and it is worth noting that the vast majority of practices now have IT in their surgeries. But it is quite difficult to say what the particular product is for every dollar spent. One of the things we have been doing as part of the Red Tape Task Force is looking at a more deliberate plan, if I can describe it in that way, to move to an environment which is very much more electronically based. Dr Wooding, who is sitting down the end, is responsible for this area. One of the things that we are cognisant of is that infrastructure has been developed and there have been significant changes in practices regarding the extent of computerisation. Moving to an integrated system, which I think is the issue that Mr Stuart is raising, requires, for example, some commonality of coding, and the patient record issue is probably one of the most difficult parts of the system, whereas billing, electronic prescribing and things of that sort are relatively easier nuts to crack. We have now significant parts—the building blocks—of the system in place. The challenge now is how we take that next step. One of the things we have been doing—and I have to say we have been working in great cooperation with the profession—is trying to come up with a plan about how we move into this new world.

Senator McLUCAS—Are we looking to get some uniformity across patient record software? Is that a very hard thing to do?

Dr Wooding—I understand we are going to talk about HealthConnect later. The key thing is it does not matter if the software is not identical, as long as we have ways in which we can move information around. Most doctors have on their desk the Medical Director software, which is an adequate patient record system, but many of them are not using it, as has been said already. One of the things is that there is the cost of moving from paper records to an electronic record. It is quite a big step for doctors, so they are not doing it as quickly as they, for example, moved to electronic script writing. That is why we still have a long way to go there, and there are the other issues that have already been raised.

Prof. Horvath—Perhaps I could add a perspective to this. It is extremely difficult. As Andrew Stuart has said, there has not yet been a harmony of nomenclature, not only across general practice but across all of specialist practice. Individual pathology services have made their own models, and the software engineering to talk to each other has yet to come. In a sense we have been delayed by the United States. They have a number of so-called medical products, but most of them are about billing and compliance with managed care criteria. Unfortunately, people have tried to modify those into an electronic health record. But the profession very much wants to move into it. The next step, as the secretary suggested, is in fact putting the history and the physical examination information into such a form that it is not reduplicated each time you see another health professional. It is on the way but there are still a few hurdles there.

Senator McLUCAS—Coming back to the second tranche of ITGP payments, the payment will be in August of next year. Will that also be $30 million? Has there been agreement about the quantum?

Mr Stuart—I think this is all going to be subject, first of all, to the recommendation of the working group that Ms Smith has mentioned and, second of all, to a government decision. I think that is a little way away, so I would prefer not to speculate on that too much.

Senator McLUCAS—But I understand there has been an undertaking given to the divisions that there will be a second payment.

Mr Stuart—Not to the divisions.

Senator McLUCAS—To whom then?

Mr Stuart—The former minister made an announcement about the first $30 million and offered the view that there would be a further payment, coming upon milestones, roughly of that order. That was obviously a commitment by the minister. We still have to see where the review of PIP and EPC take us in the context of the review of red tape. So there is a related issue that is subject to government decision. The best thing I can say is that the government will make those decisions and then people will be advised.

Senator McLUCAS—Are you saying that the commitment that was previously made about a second round is still subject to a decision to be made on it?

Ms Halton—I think the essential point is that the former minister made a statement. I think it is fair to say that, whilst we have had our new minister for a shortish period, I do not know that he would even be aware of this commitment yet in terms of his incoming brief. So I have not had any discussion with him on this matter. We will get to it in due course. I think Mr Stuart is merely making the point that we have a new minister and we have not raised this with him yet. So it is hard for us to make a commitment on his behalf.

Senator McLUCAS—So the final question you probably cannot answer either: would that second series of payments come from the PIP budget too?

Mr Stuart—That depends on the decision of government.

Senator McLUCAS—We said we would do NHMRC now.

Ms Halton—Senator, before some of these officers leave, you mentioned that you had some questions on the ADGP. I am just conscious that these officers will probably disappear and you had flagged that you had something to ask us.

Senator McLUCAS—I can put those questions on notice.

Ms Halton—And Health*Connect*.

Senator McLUCAS—I wonder whether we could advise Senator Carr's office that NHMRC are about to be called. I will ask my questions about Health*Connect*, thank you. A report was completed last month and released into Health*Connect*. Dr Wooding, would you like to give us an update on where we are up to with Health*Connect*?

Dr Wooding—There were two reports last movement there was the interim systems architecture or the draft systems architecture, which is a model of how you would build the

Health*Connect* system covering all the different parts of the health sector. There was also an interim research reported which was on the key findings to date in relation to the value and technical feasibility and costs and sustainability of Health*Connect*. Where Health*Connect* is up to is that a lot of work has been done on the designing and so we now have a business architecture and a draft systems architecture which basically explains which are two documents which explain what Health*Connect* needs to do to link all the different systems in the health sector across hospitals, general practice, specialists, allied health and everything else and possibly nursing homes—to link all the information there with patient consent in an efficient way and an effective way which does not require building one large system.

Similarly the systems architecture designs how you would realise that as a system. We have also undertaken trials. There are existing trials in Tasmania and the Northern Territory, both of which have produced positive outcomes so far, which are reported on in the interim research report. New trials are beginning very shortly in Townsville, south Brisbane and then in the Hunter region and Western Sydney and they will be happening over the next six to nine months, we expect, and also again trialling different aspects of Health*Connect*.

We are also moving into consideration of how you might be able to build Health*Connect* from the bottom up, incorporating existing systems that are already on the ground most notably in some states that have already made some progress in infrastructure, which would include South Australia where they have a very advanced clinical information system in their hospital system called oasis and in Tasmania where as a result of the Health*Connect* trial and the MediConnect trial and other activities they are also a fairway down the track and there is also quite a lot of areas—there are particular areas of New South Wales and Victoria that are also well advanced and Queensland, which we also are looking at, actually starting to build from the bottom up using the concepts set out in the systems architecture and business architecture.

Senator McLUCAS—Those reports are public documents, are they?

Dr Wooding—Everything we are doing is very much a cooperative Commonwealth-state exercise so it is something where, as work is produced, it goes completely on to our web site, which is www.healthconnect.gov.au.

Senator McLUCAS—I think that is noted as paid or authorised.

Dr Wooding—It is all very public. What is publicly shown is where the project is up to. It is, as I think Professor Horvath said, a very long-term project, because you are dealing with a sector where, as we have said, we are trying to build on the existing IT. The plan is not to roll out a national top down IT solution, as has been adopted in the UK, for example. Therefore, we are having to build existing things into it. It is patchy as to how advanced the IT is across the sector in different areas. The task of actually building Health*Connect* requires many things to be overcome, such as the terminology issue which was mentioned before, privacy issues, consent issues, standards and messaging arrangements et cetera. It is a large and complex project, but it is going forward with a great deal of cooperation and support across the entire sector.

Ms Halton—If I could make an observation too, Senator. What we are actually starting to see here is a bit of coalescence, in a sense. Whilst it was lots of disparate bits, increasingly,

people are interested in how they make this happen, rather than looking for a reason not to participate or for reasons why it will not work. Just by way of anecdote, I got a letter last week from a geographic area saying, 'We'd really like to do this in our area; how can we get involved in this?' This is virtually being cold called, if you like, saying 'We understand this is going on and we think it would be good for the citizens of our shire or local region. Please could you consider us to be at the front of the queue.' I think there has been a qualitative shift in how we are going with this. As Dr Wooding said, this exercise is very much the Commonwealth-state walking in lock step.

Senator McLUCAS—How much have we spent so far in terms of Health*Connect* and MediConnect?

Dr Wooding—I think we provided information on MediConnect in the past. I am not sure I have it with me today, but I will give you that information. I think I would have to take it on notice with regard to Health*Connect*—but it is in the tens of millions of dollars. It is not a huge amount. I will take it all on notice and give you a comprehensive table rather than try to do it from—

Senator McLUCAS—Including the MediConnect?

Dr Wooding—Yes. Those two projects are now coalescing, so they are best looked at together.

Senator McLUCAS—How many GPs do we have signed up to a Health*Connect* trial?

Dr Wooding—In the Tasmanian trial, we have 30 GPs, but that is currently in the process of expanding. In the Northern Territory it is mainly Aboriginal medical services rather than GPs. Once again, there are probably around a dozen GPs. As we move into Townsville and these other projects we are going to get more into the hundreds, but we are still at the trial stage. As we start to build these larger solutions built on existing infrastructure in places like South Australia, we would expect to see the numbers rise. It is really a matter of our capacity, not of GPs not wanting to participate. GPs do want to participate when we approach them.

Senator McLUCAS—And you picked Townsville because of my strong advocacy for them?

Dr Wooding—We picked Townsville because there was a real problem in Townsville in terms of GPs who worked in remote areas outside Townsville and patients coming from those areas into the Townsville hospital and the need to make sure there was connectivity of—

Ms Halton—I am sure there was very able advocacy as well, Senator.

Dr Wooding—I am sure that was the case as well.

Senator McLUCAS—Sorry; here is a more sensible question: why did we pick Townsville? Because it is different and a regional centre and because of the need to connect to areas in the region?

Dr Wooding—Yes, that is right. The particular benefit of Townsville is that you have this very big hospital in Townsville and then you have these remote areas where there are a lot of GPs in small townships. You know the area better than I do, Senator, but it worked very well in terms of overcoming a real, on the ground problem. We used the Health*Connect* solution to

see if it would overcome that problem. There is a lot of support and enthusiasm in the area for this particular project.

Senator McLUCAS—The issues around broadband access and Internet access will become evident, I dare say, in that process as well.

Dr Wooding—Yes. We have an initiative for rural GP broadbanding, which was in the A Fairer Medicare package, and certainly Townsville is an area we are looking at to see what is needed there for this. We will have to trial what technology we are going to use to see whether it is absolutely essential to have broadbanding. But clearly it is a priority to get broadbanding into these sorts of projects.

Senator McLUCAS—And the division of general practice is actively involved in that process?

Dr Wooding—Absolutely—both the divisions of general practice in the area, because there is a rural one and an urban one.

CHAIR—Just a reminder that we are going to go onto the NHMRC. There is 15 minutes to go. Are there questions in other areas before that that you can put on notice at this point?

Senator McLUCAS—Given that it is Senator Harradine who is interested in asking questions of NHMRC and he is not here—

CHAIR—You do not have questions in that area?

Senator McLUCAS—I have one series of questions and that is all.

CHAIR—All right. Keep going with questions before that point then.

Senator McLUCAS—Just going back to the question of privacy, what work are we doing on developing a national privacy code?

Dr Wooding—There is a national health privacy code under development. It has been developed by a committee, appointed by health ministers, of Commonwealth and state officials. A draft code was prepared earlier this year and went to public consultation in all capital cities—and Townsville, I hasten to add, as well. We received public feedback; around 100 actual written submissions on the code. Work has continued on the code since then and will go to health ministers and other relevant ministers, including attorneys-general, at a later stage. But there is a fair degree of consensus among officials and among the people we talked to about what the code needs to cover and how it should work. Clearly, there is a need to not have different legislation and codes in different jurisdictions, which has been widely recognised, because of the confusion, particularly for providers, which it is causing.

Senator McLUCAS—I understand, though, some states have got their own privacy codes at this point.

Dr Wooding—There are several states with their own health privacy acts—yes, indeed—which cover both the public and private sectors, or ought to do. The private sector is also covered nationally by the Commonwealth. There is also some tension there as well.

Senator McLUCAS—What is the nature of that tension?

Dr Wooding—The Commonwealth and the states both have legislation covering the health private sector. It leads to confusion as well.

Senator McLUCAS—Right. Is there a willingness to come up with one national code?

Dr Wooding—Yes, there is a willingness to come up with the code. How you then implement it with all of these different pieces of legislation already existing is probably more the challenge. As I said, there is a lot of agreement on the code and there seems to be a growing consensus on how the code should look.

Senator McLUCAS—That is all I had.

Senator DENMAN—Can I just come back to the Health*Connect* issue very briefly? I know that it is working quite well in Tasmania because I have heard some positive comments. Have you come across any specific problems in the system in the Northern Territory and the one in Tasmania, for example? Are there any problems that are occurring in Tasmania that are not in the Northern Territory?

Dr Wooding—They are really two quite different arrangements. In the Northern Territory arrangement, because places are so remote, one of the key problems there is actually communications technology. Also, in some cases there the IT is only semi- or non-existent. In Tasmania you have more advanced IT, both in the doctors' surgeries and in the hospital. But the common problem everywhere is that the IT systems are at different levels of development. It is often very hard to get material out of one system into another system. It can be quite a complex matter. More modern IT systems are much easier to connect but people invest money in old IT systems and it takes a long time to move from an old one to a new one and that is probably one of the key problems we fact.

CHAIR—We will now move to NHMRC.

Senator MOORE—Can I put a question on notice? It follows up from one I had earlier about nurses in the age care area. I want to put it on notice. Mr Davies, under program 5, rural health, there is a whole range of nursing scholarships. Can I get the same information on those programs as I requested under program 3 for age care?

Mr Davies—I am sure we can get those. Can I just check that 4 and 5 have now finished?

CHAIR—Yes. I can say with certainty—

Mr Davies—I recall there was something on ADGP. Has that been waived?

CHAIR—I think that is going to be put on notice.

Senator McLUCAS—yes, ADGP will go on notice.

Mr Davies—And likewise for outcome 9?

CHAIR—Are there any questions in outcome 9 other than ones that relate to the NHMRC? I know there were questions from Senator Lees at one point about overseas trained doctors and medical work force issues.

Senator McLUCAS—I have some on OTDs as well.

CHAIR—It looks like we do need people on outcome 9. Senator Lees may or may not be back.

Senator McLUCAS—I can put my questions on notice.

CHAIR—We are only due to be here another 10 or 15 minutes, so I will ask the officers to wait until we have finished with NHRMC. We only have a few more minutes to deal with that. We can dispense with them at that stage. We will move to NHMRC.

[5.20 p.m.]

National Health and Medical Research Council

Senator HARRADINE—When a department or agency issues an information sheet to the public, such as fact sheet 26, is it expected that that fact sheet should contain the facts? If it does not contain the facts, what is the remedy?

Dr Morris—Can you please be more specific about the fact sheet you are talking about? Is it an NHMRC fact sheet?

Senator HARRADINE—I am asking a question. I have asked a question, and I expect an answer.

Ms Halton—I think the officer is unable to answer the question unless you can tell him exactly which sheet you are referring to. You have referred to something called fact sheet 26. The officer is asking for clarification as to what that document is.

Senator HARRADINE—I asked the question: if a Commonwealth agency issues a fact sheet which does not contain the facts, what remedy is available?

Dr Morris—In general terms, one would hope that when a fact sheet is released that the data, the information, in it is correct. If it becomes out of date, it should be removed from the web site.

Senator HARRADINE—Out of date?

Dr Morris—If it is out of date or the information is shown to be incorrect, it should be removed from the web site.

Senator HARRADINE—Is that all? On an important matter such as the use of human embryos and their destruction for obtaining stem cells, for example?

Dr Morris—In general terms, on any matter.

Senator HARRADINE—In information fact sheet No. 26, on stem cells, the burden of that fact sheet is quite clear that it is promoting the use of human embryonic stem cells and throwing into considerable doubt the use of adult stem cells. In fact, I quote:

There is even some doubt that adult stem cells have any potential at all, as they may fuse with cells of the existing tissue and may not function properly.

Prof. Pettigrew—I believe you may be referring to a fact sheet from the Biotechnology Australia web site.

Senator HARRADINE—I am referring to a fact sheet which has on the left-hand side 'Biotechnology Australia' and on the right-hand side 'NHMRC'. I asked similar questions to Biotechnology Australia and they have, if you look at the *Hansard*, given a flick pass to the NHRMC.

Prof. Pettigrew—We will examine the *Hansard* as you refer to it, Senator Harradine. But the advice that I have received since that discussion this morning is that the NHMRC was involved with Biotechnology Australia at the very earliest stages of the preparation of that fact sheet. The fact sheet, as I understand it, has been altered since our first involvement with it. It is through your discussion with Biotechnology Australia that our attention has been drawn to that, and we intend to discuss the matter with Biotechnology Australia at the earliest opportunity.

Senator HARRADINE—So are you saying that you were not involved at all with this? So that is fact No. 1 that we cannot believe?

Dr Morris—Senator, as Professor Pettigrew said, we were involved with Biotechnology Australia in developing the fact sheets at an early stage. Now that it has been pointed to our attention we intend taking it up with Biotechnology Australia.

Senator HARRADINE—I ask this: do you not know of actual cures that have been obtained by the use of the patient's own stem cells? Are you not aware of the document that was tabled at the Senate inquiry, *Treatments Using a Patient's Own Stem Cells*? There are eight pages of at least eight references to peer reviewed journals which indicate the treatment that is used with a patient's own stem cells.

Dr Morris—Senator, if this is appearing on the fact sheet that you are referring to, the NHMRC has not cleared the fact sheet—

Senator HARRADINE—I am sorry, that is not appearing on the NHMRC fact sheet. What the NHMRC fact sheet says is that there is even doubt that adult stem cells have any potential at all. Have you not heard of the bubble child?

Prof. Pettigrew—The fact sheet that you are referring to was not cleared by the NHMRC.

Senator HARRADINE—So it is not worth the paper it is written on. Is that correct?

Prof. Pettigrew—I will repeat, Senator, the fact sheet that you were referring to was not cleared by the NHMRC.

Senator HARRADINE—I am being given the run-around, very much so. I asked questions of Biotechnology Australia and it was clear that the NHMRC was, according to them, the group that I ought to raise the matter with.

CHAIR—Senator, in which committee did you pose the questions to Biotechnology Australia ?

Senator HARRADINE—That is Industry, isn't it?

CHAIR—Okay. It may be appropriate to ask the Department of Health to liaise with Biotechnology Australia to find out exactly whose responsibility it is to answer questions of this nature, so that one or the other of these organisations can be asked to answer these questions.

Senator HARRADINE—It is a very important point. Is the National Health and Medical Research Council, in effect, disowning this thing?

Dr Morris—Senator, it may be easier if we take it on notice and talk to Biotechnology Australia and get to the bottom of the story for you. As we have said, we have not cleared that

fact sheet. We have been involved with the development of it but we have not cleared the final version.

CHAIR—Are you going to treat the questions that Senator Harradine has asked as questions on notice?

Prof. Pettigrew—We will treat the issue as being on notice.

CHAIR—Okay.

Senator HARRADINE—And we will get a reply in about four months time.

CHAIR—If it is determined that it is a matter for Biotechnology Australia, is it possible for you to pass the questions to them for them to take on notice?

Prof. Pettigrew—Certainly.

CHAIR—Have you got further questions, Senator?

Senator HARRADINE—And I will get an answer in four months time. That is not satisfactory, Chair.

Ms Halton—Senator, I am sure we can assure that the answer is well inside four months.

Senator HARRADINE—What do you mean by that?

Ms Halton—We will have to have a conversation with the other organisation, so I cannot give you a categorical date, but I think it is very reasonable for you to expect an answer before four months, and we will endeavour to make sure that you have a timely answer. If you like, once we have had our preliminary conversation with them, we will let you know how long it will take us to prepare an answer.

CHAIR—Okay.

Senator HARRADINE—If there has been an officer of the NHMRC involved in the preparation and information on this fact sheet bearing your name, would that information be provided to the committee?

Prof. Pettigrew—We will provide whatever details we can in relation to the preparation of the fact sheets.

Senator HARRADINE—And whether the NHMRC has been involved and, if so, which area of the NHMRC has been involved?

Prof. Pettigrew—Yes, Senator, we will provide that information.

Senator HARRADINE—Where are the states and territories up to with respect to establishing concurrent legislation to complement the Research Involving Human Embryos Act? How many have established legislation, and what is the expected time frame for the other states and territories?

Dr Morris—Legislation has now been passed in Queensland, New South Wales, Victoria, South Australia and Tasmania. Legislation is currently before parliament in Western Australia and passed through the lower house last week. I understand that legislation is currently being prepared in the Northern Territory and the ACT, but I cannot give you a time frame as to when that will be introduced into those respective parliaments.

Senator HARRADINE—Are you aware of the leaders forum on 29 August 2003?

Dr Morris—I believe you are referring to a group of the premiers following the COAG meeting on 29 August. Is that correct?

Senator HARRADINE—Yes, that is correct. In the leaders forum meeting, the leaders of New South Wales, Victoria, Queensland, Western Australia, the Northern Territory and the ACT agreed to drop the 5 April 2002 restriction that is set out in the Research Involving Human Embryos Act. I am referring to the provisions of the legislation which prevent the use of human embryos in IVF programs which were developed after April 2002. Isn't it a fact that those states decided to remove that, so that fresh embryos could be used right up to this date, and that this was done after they had received a document from the NHMRC in respect thereto?

Dr Morris—The group you refer to have no status in relation to this legislation. The legislation provides some status to the Council of Australian Governments.

Senator HARRADINE—I understand that. You do not have to tell me.

Dr Morris—In relation to whatever information the premiers have put out, it does not change the legislation in their jurisdictions. COAG has not had any discussion on the 5 April 2002 restriction, due to the fact that it did not occur at the 29 August COAG meeting; therefore there has been no decision.

Senator HARRADINE—You provided two documents to COAG. This matter was on the agenda, wasn't it?

Dr Morris—The NHMRC has provided two reports to the COAG secretariat back in April this year. I understand that they have not been discussed by COAG at this point.

Senator HARRADINE—But they were discussed, were they not, at the leaders forum?

Dr Morris—I do not know what was discussed at the leaders forum, Senator.

Senator HARRADINE—Haven't you seen their announcement which says that this action was taken after advice being given by the NHCRC? Haven't you seen that communique?

Dr Morris—I have seen reference to a communique in the paper, I think the day after the COAG meeting. It was in the *Australian*, I think, the day after the COAG meeting. I am afraid I am not across the details of their communique.

Senator HARRADINE—Their communique said:

> Two expert reports were prepared for COAG on matters relating to research involving human embryos. The first report, prepared by a subcommittee of the Australian Health Ethics Committee of the NHMRC, the Committee for the Review of Ethical Guidelines for Assisted Reproductive Technology, discussed protocols to prevent the creation of embryos for the purposes of scientific research. The second report, prepared by the NHMRC, considered the adequacy of supply and distribution for research of excess assisted reproductive technology embryos which would otherwise have been allowed to succumb.

What was in that document from the NHMRC that influenced those leaders to purport to act the way they did?

Dr Morris—The reports from the NHMRC have been provided to COAG. I am afraid you would need to talk to the COAG secretariat in order to get those documents.

Senator HARRADINE—I am talking to you. You prepared the documentation and you are now before the committee. Taxpayers money was expended to prepare those documents. Are you saying to me that I cannot ask you what was in the documents?

Dr Morris—I cannot give you detail of what was in the reports. My understanding is that they are in confidence with COAG. That is my understanding. I understand also that there are processes in train which may lead to making those documents available through the Department of the Prime Minister and Cabinet.

Senator HARRADINE—Why won't you provide us with the documentation?

Ms Halton—Because the officer is not authorised to so do. These documents have been provided to COAG. They are not documents that we have a latitude to release. As the officer has indicated, they are within the keep of the Department of the Prime Minister and Cabinet as the COAG secretariat. It is their decision, and others, as to whether those documents can or cannot be provided.

Senator HARRADINE—That is the excuse you gave me last time.

Senator Ian Campbell—Senator, just because taxpayers' money is expended on a document prepared for someone does not mean that every taxpayer gets to look at it.

Senator HARRADINE—No, but we are a committee of the parliament.

Senator Ian Campbell—It does not mean a committee of the parliament can look at every document that taxpayers' money goes into preparing. For example, let us say the Prime Minister asks a defence research body to do a paper on a sensitive issue of national defence. Should all people of Australia see that particular paper? There are lots of papers that a minister or a Prime Minister or a group of premiers and prime ministers may seek an expert body to prepare work on; it should not be made public just because it has federal appropriations going to it. Surely it is a decision—

Senator HARRADINE—This is not about a secretive situation with regard to security matters.

Senator Ian Campbell—I understand that. You said this is a committee of the parliament, that it is an estimates committee, that we have spent money on it, so you should see it. The officers are not authorised to provide every single piece of paper that the taxpayers help fund to create.

Ms Halton—Senator, as I understand it, Dr Horn has told you in evidence on 4 November, yesterday, that the Department of the Prime Minister and Cabinet and particularly the secretariat to COAG has written to all states and territories and the Australian Local Government Association seeking their concurrence to the release of the two documents to which I understand you to be referring. As Dr Horn has indicated—and it has been the case since COAG has come into inception—papers provided to COAG are not released until there is an agreement from all jurisdictions that that happens. This is entirely consistent with what I have said to you: it is not within our gift to provide documents which are COAG documents at anyone's request. It is an issue for the Department of the Prime Minister and Cabinet. As I

understand this evidence they have already sought authority from the states and territories and the ALGA to provide you with those documents.

CHAIR—We have set time limits on each component part of the program today. We are now well past the end of outcome 9, which is meant to include NHMRC. I have agreed to take a question from Senator McLucas on NHMRC and I think one from Senator Allison. Senator Harradine, we are going to have to ask that any other questions on that particular matter go on the *Notice Paper*, please.

Senator HARRADINE—Chair, I was not involved in that. Everybody knew that I would have questions on NHMRC.

CHAIR—I am sorry, but the decision has been made by the committee as a whole and I am not in a position to be able to change that arrangement.

Senator HARRADINE—Do you mean to say that I will be now precluded in following this matter up and a very important matter about the United Nations vote on cloning that is coming up in the next couple of days, about which Professor Pettigrew has been at a meeting of the United Nations?

CHAIR—I will indulge you by going on to that second question now and asking a couple of questions on that. But I think we have come to an impasse on that other question relating to the NHMRC. I invite you to ask that question now about the UN conference.

Senator HARRADINE—Since the NHMRC will not provide us with a document on this very important matter, it is up to any state or territory to refuse and that is the end of the matter. I do not think that that is public accountability or transparency. If the committee does, I would be very surprised.

CHAIR—Do you have any questions, Senator?

Senator HARRADINE—I have a number of questions. Professor Pettigrew addressed the United Nations on the subject of human cloning twice—on 23 September 2002 and 30 September 2003. Isn't the NHMRC as a statutory authority supposed to be at arm's length from the Australian government rather than representing the government's position at meetings of the UN?

Prof. Pettigrew—In both of the years that you have mentioned the Department of Foreign Affairs and Trade invited the NHMRC to assist it in its deliberations with respect to the UN convention on cloning. I was invited to attend the session of the Working Group of the Sixth Committee of the United Nations to assist the UN mission for Australia in that process.

Senator HARRADINE—At the UN, you made a case for voting for the Belgium proposal, which proposed a ban on the creation of a human embryo cloned for transfer to a womb. But the proposal also enables states to pass legislation approving of the creation of a human embryo cloned deliberately for experimental purposes. Isn't that contrary to the act passed by parliament—namely, the Prohibition of Human Cloning Act?

Prof. Pettigrew—The statement that I made at the Working group of the Sixth Committee of the United Nations was made before the Belgium proposal was formally lodged with the United Nations working committee. The statement I made referred to a Franco-German non-

paper, which was subsequently taken up by the Belgium delegation in the construct of their position.

Senator HARRADINE—That is right. That was the antecedent to the Belgium proposal.

Prof. Pettigrew—That is correct. The statement that I made at the United Nations was consistent with the position that had been adopted by the Australian government prior to my attendance at the United Nations. The statement that I made is not inconsistent with the legislation in this country.

Senator HARRADINE—The Belgium proposal, which was contained in the previous paper, enables a state to pass laws approving of the creation of a human embryo clone. The Belgium proposal was cosponsored by a number of countries, including China. Isn't it a fact that, under the prohibition of human cloning legislation enacted last year, it is an offence, punishable by 15 years imprisonment, for anybody to do that in Australia? The definition of a human embryo clone means a human embryo that is a genetic copy of another living or dead human.

Prof. Pettigrew—I would like to draw your attention to paragraphs 5 and 6 of the Belgium proposal. Paragraph 5 states:

Calls upon those States that have not yet done so, pending the adoption and entry into force of an international convention against the reproductive cloning of human beings and their becoming party thereto, to adopt at the national level a prohibition against reproductive cloning of human beings;

Paragraph 6 states:

Also calls upon those States that have not yet done so, pending the adoption and entry into force of an international convention against the reproductive cloning of human beings and their becoming party thereto, to take action to control other forms of human cloning by adopting a ban or imposing a moratorium or regulating them by means of national legislation;

The current Australian legislation is consistent insofar as there is a ban on cloning, which is consistent with both paragraphs 5 and 6 of the Belgium proposal.

Senator HARRADINE—Underline 'or regulating them by means of national legislation'. That is providing approval to create a human embryo clone. That was made perfectly clear by China, who is adopting a procedure in an attempt to do that at the present moment, and a number of other countries. That is inconsistent with our legislation, is it not? The legislation is perfectly clear. It does not mention reproductive cloning or so-called therapeutic cloning. It does not mention that at all; it just says 'the deliberate creation of a human embryo clone is a crime punishable by 15 years'. Isn't what has been stated by yourself inconsistent with this legislation?

Prof. Pettigrew—The position presented at the United Nations was a position that was put in the context of the Australian legislation and as determined by a working group prior to the meeting of the United Nations working group.

Senator HARRADINE—The act says one thing and the Belgium proposal says quite the contrary.

Prof. Pettigrew—I spoke before the Belgium proposal had been formulated.

Senator HARRADINE—The Franco-German proposal, at least on paper, had that in it. If you were speaking to that, and I have your speech with me—

CHAIR—Senator, I am sorry but I am going to have to draw down the curtain on this. We have an agreement about the time that we would spend on each matter, and we have now virtually come to the end of that time. I invite Senator McLucas and Senator Allison to ask a couple of more questions in this area. I am sorry but we have to move on. I call Senator McLucas.

Senator HARRADINE—Chair, I am sorry but this is a very important question. There is a vote taking place in the next couple of days.

CHAIR—I agree with you, but the committee has determined to take a different approach towards the handling of its business today. We have until 11 o'clock tonight to conclude a large number of other matters. Might I suggest taking this matter up—

Senator HARRADINE—I am putting on notice all of my other 15 questions not dealing with this matter but dealing with other matters in this portfolio.

CHAIR—That is your entitlement.

Senator Ian Campbell—Mr Chairman, this problem was alluded to by Senator Heffernan earlier on. The committee might want to consider facilitating Senator Harradine by perhaps having a short private meeting with him, because Senator Harradine was not here when the decision was made. Maybe if you had a short private meeting, Senator Harradine could suggest how long it might take him to wrap up his questions and there could be a consensus. The government did not impose this, Senator Harradine; it was done by the committee. We have said that we will sit here and answer the questions for as long as provided. There was a debate earlier today about how the committee may structure its questions. I am just trying to be helpful.

CHAIR—Would members like to open this issue for further questioning on the floor of the committee?

Senator McLUCAS—Senator Harradine, was your office contacted to advise of the discussions that we have had about attempting to fairly allocate time?

Senator HARRADINE—I do not think I am going to get anywhere with NHMRC, so there is no point asking any further questions.

CHAIR—In that case, we will proceed to further questions on NHMRC.

Senator McLUCAS—I want to raise an issue we have discussed before about the NIH, the National Institute of Health in the United States, and NHMRC over IP. I understand there was a moratorium that concluded in August this year. The NIH advised that they would not press their intellectual property position to, essentially, take over the intellectual property of anyone who had received a US grant. There were some discussions. Can you update the committee on what has happened since the end of the moratorium?

Prof. Pettigrew—I had a meeting with officers of the NIH. I am struggling to remember exactly when, but it was just prior to the expiry of that moratorium or the placing of the information on the web site. The information I received at that meeting was to the effect that

they were still considering their future position with respect to this issue, but there was no prospect that they would move away from the moratorium position in the next, imminent period. They were still working on how they are going to resolve the issues that they need to resolve. I re-emphasised to the group that I was having the discussion with that we were very keen to work with them to ensure that the outcome of their deliberations was going to be satisfactory to all parties concerned. There has been no further movement that I am aware of from the NIH on this particular issue at this time.

Senator McLUCAS—And the moratorium stays in place?

Prof. Pettigrew—I believe that is the case.

Senator McLUCAS—That is good. I understand that intellectual property issues have emerged as part of the free trade agreement negotiations. Has the NHMRC been asked to provide briefings to the negotiating team on this particular issue?

Prof. Pettigrew—Not directly. There were officers that met with me as an interdepartmental group of officers interested in intellectual property prior to my visit to the NIH earlier this year. We discussed the general issues and the issue of the free trade agreement was raised in that context, but there were other officers from other portfolios and departments who had tighter relationships with the free trade agreement than the NHMRC. So they were familiar with the issue from our general discussions, but the NHMRC has not been directly consulted on that issue.

Senator McLUCAS—Are you aware whether or not this particular part of the whole IP question is still a part of the items for negotiation within the FTA?

Prof. Pettigrew—I am not aware.

Senator ALLISON—I have some quick questions about the longitudinal study of women's health. As I understand it, a decision was made—I think by the department rather than by NHMRC—to extend the study for a further two years, or at least to extend the funding for the study by $2.8 million. This would take the study to 10 years of a 20-year longitudinal study. Can I ask what the intentions are with regard to the remainder of that time within the 20 years?

Ms Northcott—As you said, the decision was undertaken by the department, so I refer the question to the department.

Dr Wooding—From the department's point of view, you are correct. The study is being funded for a further two years at $1.4 million per annum. The study was initiated in the 1993 budget with a three-year funding, and since then we have been working to find funding from various sources to keep it going. It has not always been easy. We have now managed to extend it for a further two years. We will be continuing to look at alternative ways of funding it, but there is a strong commitment to keep the study going. That has been the case all the way through.

Senator ALLISON—We have had a recent announcement about a 20-year study of children and young people. They have a commitment to $20 million, which will see them out for the 20 years. Why not the women's study?

Ms Halton—We cannot comment on that, because that is not a matter in this portfolio. We can only comment on experiences in our portfolio and they are, in this particular respect, as Dr Wooding outlined.

Senator ALLISON—So in your portfolio 20-year studies get funded for quite a lot less than that?

Ms Halton—Exactly as Dr Wooding has outlined, the original commitment was for three years. We have managed to scrape up the money for the extra two, which we have found from a variety of sources. We are looking to see whether we can regularise that. That is what we have undertaken to those researchers that we will do.

Senator ALLISON—Regularise—what do you mean by that?

Ms Halton—Provide a level of certainty for ongoing funding.

Senator ALLISON—When would you expect to do that?

Ms Halton—I would hope that next year we might be in a position to have some greater level of certainty.

Senator ALLISON—So you would not scratch the money together every two years?

Ms Halton—I would hope that would not be the case. I do not think any of us enjoy that level of uncertainty.

Senator ALLISON—Minister, you do not wish to comment on a 20-year study that is funded for two years at a time?

Senator Ian Campbell—I beg your pardon?

Senator ALLISON—I was commenting on the 20-year longitudinal study of women's health. It was always going to be over 20 years, but funding has only ever been for a short time. I understand that funding has recently been renewed for a further two years. Do you have any comment to make about a 20-year study being funded so far for 10 years only and why the government would do that?

Senator Ian Campbell—The Commonwealth have been funding billions and billions of dollars worth of road programs, for example, for probably the best part of 100 years, and we funded them for four years at a time. We fund lots of things that we know will go on for a long time, but we do it in a fiscally responsible way and ensure that through review processes outcomes are assessed and so forth. I do not think there is anything particularly unusual about that. Do you think we should fund it for 20 years?

Senator ALLISON—It is a longitudinal study for 20 years.

Senator IAN CAMPBELL—Our forward estimates do not go that far forward, but the Treasurer with his Intergenerational Report is trying to get people to think in that long-term way, so you are on the same wavelength as him.

Senator ALLISON—Ms Halton seems to think that in the next year or so we might actually have the full 20 years funded. I hope that is the case, Ms Halton.

Ms Halton—I said I hope we would have greater certainty, Senator—just how certain, we will wait and see next year. I am sure you will ask us!

Senator ALLISON—We women on the panel, I am sure, would welcome that.

Senator Ian Campbell—We have demonstrated the Commonwealth's commitment to thinking long term about these things—and studies that go for that sort of period assist that—but, seriously, the Intergenerational Report shows that significant decisions should be made now if we want Australia to be in good health and at the same time in good economic shape in 20 years. So reforms to things like the Pharmaceutical Benefits Scheme are crucial to the sustainability of that sort of scheme and crucial to the health of people in 20 years time, as are improvements to make sure that Medicare is sustainable, sound, fair, equitable and delivers quality health care. This government are thinking in the long-term and we would appreciate the support of senators who can help us make those decisions.

CHAIR—Thank you for that answer. I think that is as much as we can squeeze out of outcome 9. I propose to move on to outcome 7, as more or less as agreed.

Ms Halton—While we have the changing of the guard, I will table two items that were asked for earlier, which are the Private Health Insurance Administration Council efficiency indicators for the quarter ended June and the quarter ended March 2003.

CHAIR—Thank you for that, Ms Halton.

CHAIR—We will proceed to outcome 7, Aboriginal and Torres Strait Islander health. I invite Senator Crossin to ask questions.

Senator CROSSIN—Good evening. Let me start by saying that we were going to try to get to outcome 7 at 5.30.

CHAIR—Yes.

Senator CROSSIN—I have 25 minutes so if I do not get through my questions I am going to have to put them on notice. My aim was not to give you a whole pile of questions on notice, I have to tell you, so that will be an unintentional outcome of going over time. Did the department ever respond to the public report card that was produced last year by the Australian Medical Association?

Ms Evans—Do you mean have we have responded in a formal sense?

Senator CROSSIN—Yes.

Ms Evans—No, we did not provide a formal response to the report card.

Senator CROSSIN—So did you respond informally, then?

Ms Evans—Yes. We had discussions with the AMA in the preparation of that report and following the release of the report.

Senator CROSSIN—So there was no paper produced or written response produced to it?

Ms Evans—No.

Senator CROSSIN—Thanks. I take you to information that you provided to me in answer to question E03106. I do not think you actually have to hunt for it. If you look at the transcript, you can take this on notice. I was wondering if you have an update of the 2002-03 expenditure. This is the table you produced for me on PHCAP, which is the Primary Health Care Access Program.

Ms Evans—Yes.

Senator CROSSIN—I am specifically after an update on the 2002-03 expenditures to date, as per this table. You can take that on notice.

Ms Evans—Certainly. We will take that on notice and provide it to you.

Senator CROSSIN—Can you also include in that table the proposed rollout of the PHCAP for 2003-04?

Ms Evans—Yes, we can do that.

Senator CROSSIN—That will mean you will need to add an additional column to that table.

Ms Evans—We can do that. That will be proposed, as you say. It will be what is intended, whereas 2002-03 will be what happened.

Senator CROSSIN—Can you perhaps point me in the direction of where I would be able to find, say, an ongoing commentary or monitory or evaluation of the PHCAP rollout? Is that on your web site? Is it something that we will have to trawl through each estimates?

Ms Evans—We do not have a web site on it but we do keep an ongoing monitoring updated report. We could undertake to give you a regular report if you would like that.

Senator CROSSIN—If I asked you what was happening, we would probably be about eight hours trawling through each of the 21 zones and I am sure they are all at different stages of development.

Ms Evans—Would it be satisfactory is we undertook to give you a six-monthly update?

Senator CROSSIN—That would be useful.

Ms Evans—Would it also be useful if we perhaps met with you, as we have on other matters, and talked through some of the issues?

Senator CROSSIN—Yes, I will take that offer up, certainly. I am interested to keep abreast of it. I understand that each of them are rolling out at different times and there are problems with each one so if we went through them at estimates it would be much too difficult to do. Can you advise me on where the situation is at in terms of the money being capped at 2,000 per population per zone? Has there been any change or review of that?

Ms Evans—There has not been a change in that because we have a capped bucket of money. That 2,000 people capping is for stage 2 of PHCAP so the Central Australian zones, for instance, and the South Australian zones do not have that 2,000 people capping. But the reason we put that—

Senator CROSSIN—Can I interrupt you there? Sorry. Is the fact that they do not have that capping because they are at stage 2 or is it because in Central Australia, as I understand it, none of the zones would have more than 2,000 people?

Ms Evans—I will look to my colleagues to correct me if I am wrong. I think you are right; none of them do. But that was not the reason. They are actually funded on a population basis. In the second stage where we got a second tranche of money we only had sufficient funds to cover a number of sites and we felt it was important that in each state there could be some

enhancement of primary health care, which is why we put the 2,000 people capping on the second stage.

Senator CROSSIN—So there has been no evaluation of that—particularly, say, in the lead-up to the round of ERCs for the next budget?

Ms Evans—There is a review of the whole program being carried out at the moment with an interdepartmental committee. That will be reporting in the context of the next budget.

Senator CROSSIN—Is that an evaluation for public release?

Ms Evans—It is internal. It is an interdepartmental committee process, chaired by Ms Murnane, who is the deputy secretary.

Senator CROSSIN—While we are talking about PHCAP, has the Commonwealth has had any involvement, and what has the involvement been, in the latest situation concerning the Tiwi Health Board? I know: your contingency plan is that you have brought 15 Turks in to assist with the health board, is that right? No, sorry, I should not say that.

Ms Evans—We are a joint funder with the Department of Family and Community Services; so yes, we have been very actively involved in issues around the Tiwi Health Board.

Senator CROSSIN—What does that involve at this point in time?

Ms Evans—I might hand over to my colleague Mr Broadhead, who has been managing this on a close basis.

Mr Broadhead—The Tiwi Health Board, as you are probably aware, declared themselves—the company—insolvent on 25 September. There is a voluntary administrator, Brian McMaster, who has been invited in to administrate the affairs of the company. We expect that process to come to a conclusion sometime this month, although obviously it is not within our control. In the meantime, there has been a deal of planning and activity by both the Northern Territory Department of Health and Community Services and by ourselves to, firstly, ensure that services continue during the period of voluntary administration. To that end, we have indemnified the voluntary administrator against the costs of continuing service provision during that period. Secondly, we are putting in place arrangements to continue services after the period of voluntary administration.

There was a call for expressions of interest—I think there was actually a 'for sale' advertisement in some papers; that was the nature of the way it was put out, because of what happens under the Corporations Act. Essentially, the administrator has said that he wishes to enter into discussions with the NT Department of Health and Community Services with regard to their role in continuing health services after the period of administration, and we have been through a selective tender process to have an aged care provider take on provision of aged care on the Tiwi Islands for at least 12 months, to ensure that services continue.

Senator CROSSIN—Has that process, in terms of the aged care facility, been concluded yet, or is it still going through the process?

Mr Broadhead—This is happening as we speak, so I would not be confident that I could say that it had concluded; but we are well advanced. We do not believe there will be any

problem in having arrangements in place when the period of voluntary administration is complete.

Senator CROSSIN—The Tiwi Islands is one of the PHCAP zones, isn't it?

Mr Broadhead—I do not know if it is a PHCAP zone, but certainly the funds for Tiwi, since it moved from being a coordinated care trial, have come from the PHCAP. I do not know if it is a zone as such.

Senator CROSSIN—I imagine, then, that this process will need to be worked through before any new situation is put in place under a PHCAP regime? Is that correct?

Mr Broadhead—My understanding is that the decision in the first round of PHCAP funding was that some of the funds be used to continue the former coordinated care trials. So the activities of Tiwi Health were covered under that decision, and we would continue to fund health services on the Tiwi Islands from the PHCAP funds because of that—so reflecting that decision.

Ms Evans—That is the same situation as occurs in Katherine West Health Board. It is transitioned across from a coordinated care trial to funding under the money provided by cabinet through the PHCAP initiative.

Senator CROSSIN—Is that transition at bay at the moment, while this process is being undertaken?

Ms Evans—Essentially the transition was completed. They are moved across. They are no longer coordinated care trials. The coordinated care trials finished. Was it two years ago?

Mr Broadhead—I believe the coordinated care trials ceased in 1999. They have been on transitional agreements since that time. I have to say that they have not made it beyond the transitional agreements, in part because of the financial difficulties that they have experienced for some time now that culminated in the declaration of insolvency in September.

Senator CROSSIN—Perhaps we will follow that up in February and see where that is at.

Mr Broadhead—I am hoping that, by then, we will have services continuing to be delivered under arrangements, that there will be no interruption to services. I am happy to answer questions in February.

Senator CROSSIN—I now want to move to the issue of trachoma. I understand that a resolution about Vision 2020 was passed by the World Health Assembly back in May. I have a copy of it here in front of me.

Ms Evans—I think that is correct.

Senator CROSSIN—I also understand that our country played quite a proactive role in getting the resolution passed. Is that correct?

Ms Evans—That is my understanding.

Senator CROSSIN—What is the progress on Vision 2020? What action has the department taken to progress the sentiment of that resolution?

Ms Evans—Senator Crossin, I am sorry to do the bureaucratic thing, but the responsibility for carriage of Vision 2020 does not reside with program 7. I cannot answer your question, but we can take it on notice.

Senator CROSSIN—Which program is it under?

Ms Halton—I think it is program 9, which we have already concluded. By way of general information, we have recently had a meeting with the people from Vision 2020 to talk about how we manage a series of issues in relation to vision across the department. In fact, I am hoping that we will have a more extensive discussion and probably a—I am loath to use the term—workshop with them in the near future about a range of issues that they are interested in. So we are already in discussions with people from Vision 2020 about a range of matters.

Senator CROSSIN—Is there not a cross-agency role here in terms of Indigenous health and what is happening with Indigenous eye health when it comes to implementing the Vision 2020 resolution?

Ms Halton—I think the point that Ms Evans is making is that, within the department, she does not have program responsibility for Vision 2020 across the whole portfolio. That is a responsibility that resides elsewhere. In terms of the issues that I think we have canvassed here before in relation to vision for Indigenous peoples, clearly there are issues that this group of officers can answer questions on. But I think it is important to understand that we try not to restrict responsibility for Indigenous issues just to the office, because we believe that it is every officer's responsibility to ensure that in the part of the world they work on they are cognisant of issues for Indigenous peoples.

Senator CROSSIN—I understand that. Is there someone, Ms Evans, from your department who works with the people who have responsibility for this program?

Ms Evans—Yes, there is. Dr Fagan may wish to answer some questions. There have certainly been discussions. That aged care program coordinates it but, as you say, trachoma is an issue that is largely confined to Aboriginal and Torres Strait Islander people.

Senator CROSSIN—I notice that there is an obligation to report back with a national plan. I am wondering if your department has input into that. If so, what is that input?

Ms Evans—In relation specifically to Indigenous eye—

Senator CROSSIN—No, in relation to the Vision 2020 resolution.

Dr Fagan—I cannot actually answer specific questions about OATSIH's relationship with Vision 2020, but I can speak to you about our activities in relation to trachoma.

Senator CROSSIN—I was going to get to that in a minute. I am just wondering—

Dr Fagan—I do not know if Ms Norington may have something to say about that.

Ms Norington—We certainly cooperate with the aged care division, which does have the coordinating role with respect to Vision 2020. We have fed information in which is then fed into the processes that you are talking about.

Senator CROSSIN—Is there a particular OATSIH officer who is responsible for Indigenous health liaising with whoever else in the department is responsible for working with Vision 2020 and implementing this resolution?

Ms Norington—Yes. They would be in my branch.

Senator CROSSIN—Where is that at? What has happened since the passing of this resolution?

Ms Evans—Can we take that question on notice?

Senator CROSSIN—Yes, you may. It will save us trawling through, I suppose. I understand that recent figures presented in a report to the World Health Organisation state that, in 2002, in 15 schools in Arnhem Land active trachoma prevalence was between 20 per cent and 50 per cent, and in northern South Australia 80 per cent of children were found to have had trachoma on at least one occasion. Are we any further down the path of categorically getting a handle on exactly how many children have this disease? Have we moved on getting a database to help us address this?

Dr Fagan—We are working with the state and territory public health units to improve our capacity to report consistent information around data relating to trachoma. We have sought information from the state and territory public health units in the endemic areas to try to get an idea of what data is currently available. A steering group has been established which is made up of state and territory members of the Communicable Diseases Network Australia to look at issues around developing not only a better sense of the data but also a more consistent approach to definitions and survey methodology as well as screening methodology and treatment protocols. So we do hope to progress a better handle across the country as a whole in relation to it. The outcomes of the OATSIH health program review may also shed some further light on this matter.

Senator CROSSIN—I will get to that in a moment. Is the Commonwealth a part of the Communicable Disease Network Australia—

Ms Evans—Yes, the department is.

Senator CROSSIN—or is that purely states and territories?

Ms Evans—That comes under program 1.

Senator CROSSIN—So are you part of the national surveillance of 55 communicable diseases?

Ms Evans—We are, yes.

Senator CROSSIN—Would you be aware that, for example, in the Kimberley region of Western Australia they are able to count what happens? In 2001, school children aged five to 16 were examined in 33 community schools in seven districts; the highest prevalence in any one of those schools was 83 per cent. I am trying to get a handle on why the Kimberley region can count and feed in statistics but we still do not have a national snapshot of this disease.

Dr Fagan—There are different approaches with each of the public units—for example, they examine different age groups in different situations and they choose their samples differently. We have a certain amount of information which stands alone across the country—for example, the information you have just quoted—but one of the issues we hope to be able to address through this working group is getting a consistent approach and developing information that meets the criteria you have just suggested.

Senator CROSSIN—What is the hold-up? Is it: getting a consistent approach, a lack of leadership from the federal government to drive that or a lack of ability to collect the statistics?

Dr Fagan—I cannot answer that question other than to offer that trachoma, as we have discussed before, is an issue in some parts of Australia, and it is treated. The state and territory public health units have a big role, in collaboration with the primary health care centres, in treating it. They each take a different approach. Indeed, the disease, while still at hyperendemic levels in some communities, is considered to be one of a range of health problems and not considered to be as severe as it has been in the past, according to some authorities.

Senator CROSSIN—I am not even talking about a consistent approach to treating it. I am talking about getting a handle on the number of people in this country who have trachoma. I would have thought it is like trying to count the number of people who have chickenpox. Trachoma is trachoma, isn't it? I still fail to be satisfied as to why the Commonwealth cannot tell me in this day and age how many people in this country are suffering from the disease, given that it has been eradicated in Third World countries

Ms Evans—Is your question why we do not have a single number to give you in answer?

Senator CROSSIN—For example, in answer to questions that I have asked, you can tell me the percentage of children who have been immunised and the percentage who are yet to be immunised. But you cannot tell me the percentage of children, teenagers or adults in this country who have trachoma. I am still trying to get a handle on this. I have asked this consistently in every estimates for the last year, and I am still not satisfied why that is the case.

Ms Evans—It is not a notifiable disease. Only in the NT, as I understand it, is it notifiable.

Dr Fagan—That is my understanding.

Ms Evans—So there is no requirement to notify it. Therefore, collecting the data—which is largely a state public health unit responsibility—is more complex, because there is no requirement to record it or report it.

Senator CROSSIN—In order to obtain a handle on the numbers, why doesn't the Commonwealth request that it is notified, even for a two- or three-year period?

Dr Fagan—The organism that causes trachoma is *Chlamydia trachomatis*, which causes other infections in other age groups, so we need site-specific notification for it to be useful. That would be based on microbiological results. Indeed, trachoma has frequently been diagnosed clinically, and the data that you get is usually from survey data. Quite complex issues surround both the method of diagnosis and the issues that Ms Evans has just raised.

Senator CROSSIN—What is being done to address the problem?

Dr Fagan—We believe that if we come together with the states and territories where trachoma is, as you rightly acknowledged, a very significant problem in certain areas and with the people both from the primary health care level and also, most particularly, from the public health unit level who have an interest in this area, and if we can get an agreed approach to gathering data that we think is more robust, more reliable and comparable and that can be

aggregated to give a picture if necessary, and if we raise the profile of the issue and get an agreed approach to control activities and treatment approaches, then we will be making headway.

Senator CROSSIN—What is the time line for this group to meet and make progress on this?

Dr Fagan—It is happening as we speak.

Senator CROSSIN—Does this working party have a particular name?

Dr Fagan—My understanding is that CDNA have just agreed to the establishment of this working party, but they have yet to come together to carry this initiative forward. We are closely collaborating with the departmental officers who are associated with CDNA to develop this.

Ms Evans—As I think we have discussed at previous hearings, this does not mean nothing is happening. In those areas where trachoma is endemic and there are high levels, the most productive thing is for the primary health care service providers there to make sure that their staff are aware and alert to it and that treatment is provided on an ongoing basis. That is happening in a whole range of areas. As you say, in the Kimberley it is well recognised. In the Anangu Pitjantjatjara lands the Nganampa Health Service have a strong focus on it. Katherine West have picked it up as one of their priorities. I would not want you to think that nothing is happening in terms of treatment.

Senator CROSSIN—I am not suggesting that. I mean happening in terms of actually collecting data. You talked about a review. Can you tell me something about what this review is or what the timeline is?

Ms Norington—The review report has just been received in the department and we are going through that. We had consultants undertake that review.

Senator CROSSIN—It was a review on what?

Ms Norington—It was a review of the Aboriginal and Torres Strait Islander eye health program—the implementation of the program—which I believe we gave you some information on last time. I can double check that. If we did not, we can certainly do that for you.

Senator CROSSIN—Is that report available?

Ms Norington—No, not yet. We have only just received it. What we intend to do is to brief the minister about it and develop a government response and, with the minister's permission, release both the report and the government response at the same time.

Senator EGGLESTON—There is something across northern Australia called the outback digital network which involves, in some areas, the use of video links for health services. To what extent is the Commonwealth involved in sponsoring those sorts of services in Indigenous communities across the north of WA, the Northern Territory and Cape York, if at all?

Ms Evans—I will take that on notice, Senator, because I cannot answer that. I imagine we do have an engagement, yes.

Ms Halton—Telehealth is something that as a portfolio we have taken quite a deal of interest in. Regrettably, the officers who could answer that question are no longer here. But we can give you some information if you like.

Senator EGGLESTON—If you would, I would be very interested.

Ms Halton—I have a couple of issues to come back to that people asked me about. One was a question we were asked in relation to what has happened with GP training places this year. I will table that so that people can see where the places are on the ground this year. I will also add to an answer given by Dr Morauta. She talked about the question of prostheses and the items that were being considered at the beginning of the process. She mentioned that there were five. We regret to advise we should have said six. The additional one is intracardiac defibrillators. Do not ask me to tell you what that does. We apologise that we neglected to include that in our list of items.

Senator CROSSIN—I have some questions to put on notice; I am sorry, there are about 40 or 50. What is the timeline for questions on notice coming back to the committee? January?

CHAIR—We are looking at about four weeks.

Senator CROSSIN—I am pretty lenient about my answers. I just need them back before the next estimates hearings. The end of January is fine.

Ms Halton—To be honest, Senator, if we have these hanging around at Christmas we are not going to be happy campers, so we are going to try to get them out of our place.

Senator CROSSIN—Thank you.

Proceedings suspended from 6.35 p.m. to 7.37 p.m.

CHAIR—Welcome back, minister and officers. We had resolved at this stage to ask questions in respect of outcome 1—specifically between now and 8.30 in the area of the Therapeutic Goods Administration and the Office of the Gene Technology Regulator. I call therefore for questions of the Therapeutic Goods Administration.

Mr Davies—Since we have both Senators Forshaw and McLucas here, could I address a couple of points they raised earlier on the Swerissen modelling just to reduce the questions on notice?

CHAIR—Yes.

Mr Davies—There was a question asked about the inclusion of La Trobe University on our panel of health economic service providers. The department entered into a deed of standing offer with La Trobe University, the contracting agency, on 1 January 2003, following a tender process they responded to late in 2002. The Faculty of Health Sciences is the body with which we have contracted. That houses the Cochrane Consumers and Communication Review Group, which is an evidence based medicine operation, together with the following research centres: the Australian Institute for Primary Care; the Australian Centre for Evidence Based Aged Care; the Centre for the Study of Mothers and Children's Health; the Australian Research Centre in Sex, Health and Society, and the Musculoskeletal Research Centre.

The only individuals identified in the tender are members of the Internal Project Reference Group, whose role is primarily administrative and peer review. Those named individuals are

Professor Stephen Duckett, Professor Hal Swerissen, Professor Vivienne Linn, Professor Judith Dwyer, Dr Terry Jackson, Ms Lisa Gold and Mr Charles Livingston. All those people are members of the Internal Project Reference Group.

Senator McLUCAS—Are they approved researchers for the Department of Health and Ageing?

Mr Davies—The relationship is with the whole of the faculty. They are named as people on this Internal Project Reference Group.

Senator McLUCAS—But the Australian Institute of Primary Care is recognised by the Department of Health and Ageing as a recognised and approved research body which sits on your panel and can be approached to do research work at any time.

Mr Davies—In that they come under the umbrella of the Faculty of Health Sciences. That is correct.

Senator McLUCAS—That is very good to have on the record. Thank you, Mr Davies.

Mr Davies—The other question you asked went to the issue of the timing of access to the AIPC report. We have checked our records. This was the morning of Tuesday, 23 September. The Senate Committee on Medicare met at 9.06 a.m., according to *Hansard*. The first address was from yourself, Senator McLucas, as the chair. You explained that copies of the AIPC report were available from the secretariat and published on the web site of the committee. We understand from the secretariat that the document was actually posted on the web site around 9.15 that morning. We had someone here who picked up a hard copy when it was tabled, but also around 9.25 we received a copy electronically. According to our records, at 9.33 that was also emailed to Professor Hall at the Centre for Health, Economics Research and Evaluation.

Senator FORSHAW—Who emailed it to Professor Hall?

Mr Davies—One of our officers.

Senator McLUCAS—You did not receive a copy of the report prior to 9.25.

Mr Davies—We picked up a hard copy as it was tabled, which would have been around 9.10. Then it appeared on the web site at 9.15 and we received an email copy at 9.25.

Senator McLUCAS—My question was: you did not receive a copy prior to 9.10 when you picked it up as a hard copy?

Mr Davies—No.

[7.40 p.m.]

Therapeutic Goods Administration

Senator FORSHAW—Can I ask, firstly: the TGA surveillance unit has been conducting an active investigation into the circumstances surrounding the Pan Pharmaceuticals saga, particularly in respect of possible charges being laid or legal action being taken. Is that correct?

Mr Slater—Yes.

Senator FORSHAW—Has any legal action been commenced against any person, company or other entity?

Mr Slater—No charges have been laid at this point.

Senator FORSHAW—Has there been any reference of any matters to any authority such as the Commonwealth DPP or the state department of health or the AFP?

Mr Slater—I believe so, but I will need to check with the head of our surveillance area.

Mr Howells—The Australian Federal Police forensic services area have been involved, and continue to be involved, in aspects of our current investigation. We also have consulted with the Commonwealth Director of Public Prosecutions.

Senator FORSHAW—I appreciate I have to be rather careful here, as we all do at the moment. Are you able to give any indication as to how much progress has been made in your investigation? Do you envisage it has some time to run yet or are you nearing the end of the road when decisions might be taken about possible prosecutions?

Mr Howells—The decision as to whether charges are laid or prosecutions are commenced is solely taken by the Director of Public Prosecutions. However, in fairness, it is a major criminal investigation that we are conducting. It is ongoing, it is current and it is active. I am satisfied that crime has been committed.

Senator FORSHAW—You are?

Mr Howells—I am.

Senator FORSHAW—Have you sought legal advice externally? I appreciate you have spoken to the Commonwealth DPP and the Federal Police, but have you had to engage any external resources in terms of legal or other advice during your inquiry?

Mr Howells—Senator, as you expressed the need for caution around this—

Senator FORSHAW—I am not asking you to identify individuals. Can I move to the next question on this. I am particularly interested in what resources and costs have been incurred to date in this investigation—legal costs, for instance. There is no item that I can find in the financial reports which identifies legal costs as an expense by the TGA. That is where I am leading, so you understand.

Mr Howells—It is appropriate that we only take legal advice from the Commonwealth Director of Public Prosecutions in relation to this matter. I have been provided with all scientific and investigative resources that I require to thoroughly conduct this investigation. The Commonwealth Director of Public Prosecutions has supplied and made available to me a significant level of support. A senior legal officer from that office has been allocated to this matter and we have entered into an arrangement with the Commonwealth Director of Public Prosecutions in relation to meeting the costs of outside counsel.

Ms Halton—Can I make a suggestion? I have a very strong suspicion that we might be about to traipse into a whole series of areas that perhaps we should not.

Senator FORSHAW—No, I do not have that suspicion. I am acutely conscious of how far this matter could be pursued here.

Ms Halton—We are very happy to give you things about costs and whatever on the record. We do not have that available with us this evening, but I suspect we might have already overstepped the mark.

Senator FORSHAW—I think all Mr Howells was doing was indicating that you are utilising resources that are within government in terms of this investigation and preparatory work. Is that correct?

Mr Howells—That is correct, but I also said that we have entered an arrangement with the Commonwealth Director of Public Prosecutions in relation to the briefing of outside senior counsel, if and as required.

Senator FORSHAW—My focus, at least at this point tonight, is on the cost of this investigation so far. Am I correct in saying that there is no indication in the financial reports as to the legal costs incurred by the TGA? I cannot find it in the statement.

Mr Slater—By implication, are you saying a budget estimate?

Senator FORSHAW—No, a report on how much the TGA spent on legal costs in the last financial year. It may be an estimate as well but I cannot even find the costs for last year.

Mr Slater—We would need to take that on notice.

Senator FORSHAW—Let me tell you, I have looked at the report here. There is nothing in here that I can find. I have looked at the financial accounts, which is where I would have thought that item would be identified and there are revenues for the usual things. There is also a contingent liability with respect to legal claims—I will come to that in a minute—but there is no actual operating expense that I can find that identifies how much the TGA would have spent on legal costs. Is there a cross-charge from the DPP or from whoever that should be shown in your accounts?

Mr Slater—No. At this point, we have spent $47,000 on legal expenses in relation to Pan.

Senator FORSHAW—$47,000?

Mr Slater—That is right, and that is including our own estimate of costs.

Senator FORSHAW—What about the cost of the work done for the TGA by, say, the DPP's office or whoever else? Are they attributed back to the TGA in any way?

Mr Slater—In due course, we will get a bill around that. I guess in the context of a successful prosecution those fees will be offset against any penalties that might apply.

Senator FORSHAW—Yes, but that does not mean you should not still show it.

Mr Slater—No.

Senator FORSHAW—I appreciate that. I will leave it at that for the moment. What other resources of the TGA have been committed to the investigation? Do you have a particular number of officers working on this full time or largely full time?

Mr Howells—Yes, I do. I have a team of investigators dedicated permanently to that investigation.

Senator FORSHAW—You might want to take this on notice. Are you able to give me a bit more detail about it, such as how many?

Mr Howells—I can tell you that now. I have four investigators dedicated full time to that investigation. I have other investigators that work with those four on a needs basis.

Senator FORSHAW—This concentration is obviously fairly unusual compared to the normal focus that might be undertaken, the normal workload on a single case?

Mr Howells—The circumstances of this case require it.

Senator FORSHAW—I appreciate that. On page 380 of the annual report, the financial statements, there are two contingent liabilities mentioned there—unquantifiable contingencies. I will not read them out. Can you give me any detail of that? These are claims against the TGA. Can somebody tell me what they involve?

Mr Slater—At the moment there are two contingent liabilities that we have been advised for our audit notes to make public at the moment.

Senator FORSHAW—You would make part of it public, but go on.

Mr Slater—Effectively they are unquantifiable and that is the issue. They relate to any legal claim for disclosing private information to another party.

Senator FORSHAW—Are either of them identifiable?

Ms Lee—I think the unquantifiable contingencies would be the possibility that action might be brought against the TGA for requiring the recall of the products manufactured by Pan. There is also the possibility that Pan Pharmaceuticals itself or else directors of that company may bring an action.

Senator FORSHAW—I am having a bit of trouble hearing you. The second one you mentioned was potential action by directors of Pan Pharmaceuticals?

Ms Lee—That is right, yes.

Senator FORSHAW—And the other one is by who?

Ms Lee—The sponsors of products manufactured by Pan, in relation to which we took regulatory action—for example, we asked that some of these products be recalled from the market.

Senator FORSHAW—Which company? Are they Australian companies or international companies?

Ms Lee—Mostly Australian companies.

Senator FORSHAW—So that means that there are some international companies?

Ms Lee—There is a possibility, yes.

Senator FORSHAW—I appreciate that action may not have commenced, but you have identified that there is a contingent liability here. Has any legal action commenced by any of these companies or people against—

Ms Lee—Not as yet.

Senator FORSHAW—Not at all?

Ms Lee—Not as yet.

Senator FORSHAW—Any papers served on the TGA as yet?

Ms Lee—Not as yet.

Senator FORSHAW—Is one of the companies who may be involved in this Walmart, an international company—an American company, I understand?

Mr Slater—I am not aware of any claims by Walmart.

Senator FORSHAW—Is there any indication that this may be one company?

Mr Slater—No. I have heard rumours, and there have been plenty of rumours, about companies that may have tested Pan products and found them to be of good quality. Whenever we have pursued the information to get details of the test results, we have invariably found that no tests have been conducted. Walmart, in a question from Senator Allison, was a company that was identified as one that had been reported as having tested the products and found them to be of good quality and that they continue to market them in the US. To the best of our knowledge we have not been able to confirm that, and we certainly have not been able to confirm or obtain any test results from them. We have been to the industry association, which is aware of this company, and it has been unable to get us any information about it.

Senator FORSHAW—Has the TGA had any meetings with Walmart?

Mr Slater—No.

Senator FORSHAW—I will move onto another area. How many manufacturers of complementary therapeutic goods or medicines had their good manufacturing practice licence suspended, either voluntarily or at the request of the TGA, between January 2001 and January 2003?

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

Senator FORSHAW—You do not have that information to hand? Is it because there might have been a lot? I would not have thought there were many.

Mr Slater—No.

Senator FORSHAW—I was assuming you would have some idea.

Mr Slater—I am hesitating to give you an answer off the top of my head. We would much prefer to go back and obtain that information for you. We do not expect it is a lot.

Senator FORSHAW—You believe there are some?

Mr Slater—There are some.

Senator FORSHAW—The answer is that at least there have been some. When you provide that further information, would you then give us the names of the manufacturers, the circumstances which led to the loss of the licence, and also whether it was at the request of the TGA or voluntarily?

Mr Slater—Yes. We will take that on notice.

Senator FORSHAW—Could you also give an indication of the products they manufacture and any remedial action that has been taken since the suspension or the cancellation. I will move to companies who import products. I understand that, where a company in Australia is importing products from a manufacturer overseas, there is a system in place where they are issued with a licence or a pre-clearance certificate. Is that correct?

Mr Slater—That is correct.

Senator FORSHAW—Have you recently written to all of the sponsors of therapeutic goods manufactured internationally, seeking information on the status of their current GMP licence?

Ms Maclachlan—Yes, we have. This is routine for the TGA. We have to ensure that overseas manufacturers meet the same standards as Australian manufacturers. We routinely write to the sponsors who import product from overseas and who have GMP certifications for those manufacturers to ensure that their GMP evidence is current.

Senator FORSHAW—What do you mean by 'routinely'? How often?

Ms Maclachlan—I would have to look at the general times that we have done it. However, we do it on a routine basis—each year. We annually go through and look at the sponsors whose GMP currency is about to expire. It is certainly something that we now have as an ongoing program.

Senator FORSHAW—If a company's licence or clearance is about to expire, that triggers a letter, does it, to seek that information?

Ms Maclachlan—Yes, it does. The sponsors have a responsibility under the Therapeutic Goods Act to ensure currency of that information.

Senator FORSHAW—You have the responsibility to ensure that they carry out their responsibility. My original question was: have you recently written to all sponsors of therapeutic goods manufactured internationally, requesting this information?

Mr Slater—Let me make it clear that every therapeutic good that is supplied on the Australian market has to have an Australian sponsor.

Senator FORSHAW—Yes.

Mr Slater—It is the Australian sponsors who have this responsibility. I just want to be clear with your question.

Senator FORSHAW—Yes. That is what I said—the sponsors.

Mr Slater—You said 'written internationally', and we have written locally.

Senator FORSHAW—I said 'Have you written to all sponsors?' I understand them to be local.

Mr Slater—It was where you had the word 'internationally' and your phrase—

Senator FORSHAW—I am dealing with sponsors, because that is what they are.

Mr Slater—That is fine: just so we clearly understand each other.

Senator FORSHAW—I would like to know if you have written to all of those recently?

Ms Maclachlan—We have written to sponsors of overseas manufacturers whose GMP is likely to expire in the near future—in about three months hence.

Senator FORSHAW—Can you give us a list of who they are?

Ms Maclachlan—Yes, we can do that for you. We will take that as a question on notice.

Senator FORSHAW—How many pre-clearance applications do you have waiting to be processed?

Ms Maclachlan—At the moment we are up to date with our GMP pre-clearances.

Senator FORSHAW—Have there been any situations where a clearance licence has expired and the product has still continued to be imported—in other words, it has not been updated or renewed?

Mr Gould—'Expiry' is probably the wrong word. It gets to a date where it needs to be reassessed. It is not current one day and then it expires the next day.

Senator FORSHAW—Have there been situations where there have been lengthy periods—for example, up to two years—between the date for reassessment and when the pre-clearance is renewed?

Mr Gould—I could not say the exact period, but there have been some that have gone beyond their reassessment date. That is what triggers the letters.

Senator FORSHAW—No, they are triggered before the date. I hope it would trigger a further letter afterwards, but a letter should have already been sent.

Mr Gould—Currently, three months before the due date, it will trigger a letter to the sponsor.

Senator FORSHAW—Would you give me details of any companies where the date has been reached—I call it the expiry date—and there has been a lapse of time before the clearance has been reissued, and the length of time?

Mr Gould—Yes.

Senator FORSHAW—Are you aware of a company called Banner?

Mr Gould—It is a multinational company.

Senator FORSHAW—Yes.

Mr Gould—It has several plants in many countries around the world.

Senator FORSHAW—Do you know whether that company's pre-clearance certificate had expired?

Mr Gould—You would have to be specific and identify the site. There is Banner Canada, Banner England—

Senator FORSHAW—With respect to their plant in India.

Mr Gould—We would have to take that on notice.

Senator FORSHAW—There are a couple of items in the financial reports that I would like you to clarify for me. This was taken from the annual report—I am referring to the financial statements. There is an appropriation for outputs on page 366 under 'Revenues from government' of $17,155,000 for 2002-03 and $1,800,000 the previous year. Could you explain the huge increase between 2001-02 and 2002-03?

Mr Lok—The increase of $15.4 million relates to two matters. One is that in the course of the previous financial year the TGA commenced the development and implementation of the

Trans Tasman agency and was appropriated $2.3 million in relation to that activity. It also brought to account at balance date an appropriation receivable of $14.6 million, representing an undertaking from government to fund the cost of the Pan recall.

Senator FORSHAW—On page 373 there is an item 'Loan from government' of $13,700,000 for 2002-03. Just explain that. Is that the what you were talking about a moment ago?

Mr Lok—Indeed. As you would be aware, the appropriation cash would not arrive for TGA by 30 June, so part of the agreement with the minister for finance was for the department of health to make advances to TGA to cover the cash flow requirements.

Senator FORSHAW—Am I right in understanding that that loan is for a one-year term?

Mr Lok—It is due and payable on receipt of either funds from government or recovery from Pan, whichever is the earlier, and certainly before the end of the financial year.

Senator FORSHAW—Thank you. I will put my further questions on notice, Mr Chairman.

CHAIR—Thank you, Senator Forshaw.

Ms Halton—Senator, can I just make one observation? I suspect the answer to the question in relation to the legal matter, the contingent liabilities, may have not been complete. In the event that it was not, we will provide you something further on notice.

Senator FORSHAW—I appreciate you doing that, Ms Halton. I had quite a few other questions I could have followed on with that but I am also conscious of—

Ms Halton—I am just concerned that it is not complete. If it is not accurate, we will come back to you.

Senator FORSHAW—I am conscious of the status of the issue as well.

[8.11 p.m.]

Office of the Gene Technology Regulator

Senator HEFFERNAN—Dr Meek, for the last 18 months in New Zealand there has been a program where human genes are being implanted into cows. What implication does that have for Australia?

Dr Meek—Obviously the New Zealand government have their own regulatory system, so they will be running their own approval process.

Senator HEFFERNAN—But in terms of our trade agreement with New Zealand, anything that is approved over there is automatically approved here, isn't it?

Dr Meek—Not at all. The gene technology regulatory system in Australia requires that any live and viable genetically modified organism to be released in Australia is subject to an independent assessment by my office.

Senator HEFFERNAN—This program is quite controversial. When I approached the library here, they did not believe that there was a program where human genes are being put into cows. If they export that milk to Australia, what do we do about it?

Dr Meek—You probably need to ask a question of Food Standards Australia New Zealand because it is a foodstuff. The gene technology legislation covers only living modified organisms. Something in milk is a product and it may become a foodstuff, so that is outside of the jurisdiction of the act.

Ms Halton—I can probably answer that question. There are rules about the proportion of genetically modified material that may be included in foods that are sold. It has to be declared on the product and there is a standard in relation to accidental inclusion of genetically modified material.

Senator HEFFERNAN—Is Australia familiar with the Gene Technology Program in New Zealand, by way of preparing itself for having to deal with it?

Ms Halton—In relation to modified material in foodstuffs in New Zealand, at the last food ministerial council meeting—which I might say breached the guidelines—the conversation went to organic soy sausage. I do not recall that we have ever discussed the use of human material.

Senator HEFFERNAN—Would you care to prepare a brief for this committee on the implications of that program, and what information the Australian government has on that program? As I say, it is quite controversial.

Dr Meek—It is a research program, Senator Heffernan. There is absolutely no situation where it is going to end up in a product in Australia at this stage.

Senator HEFFERNAN—I would like to know what you know about it. If you do not know anything, I would like to think you would find out about it. How are we to know where they are up to? If the government here does not know, how can you prepare a position? If you are not familiar with it, just say so and we will find out.

Mr Slater—The difficulty here is that, under the act, the Gene Technology Regulator licenses activities to do with live GMOs. Where there are products that incorporate GMOs, they are actually with the product regulator. If it is a medicine or a therapeutic good, it comes to the TGA for regulation. If it is an issue around foods, it goes to FSANZ.

Senator HEFFERNAN—For 12 months I have been trying to get some sense out of the government on this issue and no-one has made any sense of it, even though it is a program that is progressing quite nicely in New Zealand. My other question goes to GM canola. You have all my condolences on having to deal with this issue. Do you think it is realistic for Australian farmers to be expected to segregate GM canola from non-GM canola? I know it is—

Dr Meek—Outside of my scope, yes. We have had this conversation before, as you rightly say. It is not for me to judge whether or not the industry can or cannot segregate for marketing purposes. The way that the Gene Technology Act has been formulated by agreement with all state and territory governments is that economic and trade impact issues are outside of the scope of this office.

Senator HEFFERNAN—Do you think it is an incomplete and flawed strategy to do it that way? You can give something a tick-off and then there is this eternal argument with farmers who are faced with paying lawyers a river of gold for litigation on this issue of segregation.

Dr Meek—The issue of segregation goes well beyond gene technology.

Senator HEFFERNAN—It certainly does.

Dr Meek—It is a matter that the agricultural industry deals with on a daily basis. The issue of the scope of the Gene Technology Act was considered very comprehensively in the formulation of the act. It was determined that the consideration of socioeconomic issues should be outside the scope of the act.

Senator HEFFERNAN—I recognise why that is so. It is so that no vested interests get to influence—

Dr Meek—It was a concern expressed very strongly in the public consultation in relation to development of the act. It led to people expressing very strong views that they were concerned that the scientific independence and ability of interests to be taken into account in an economic sense could potentially be compromised. We really need an independent assessment of risk.

Senator HEFFERNAN—I would like to put on the record, as a practical farmer, that the idea of being able to segregate it is rubbish. It is either all in or all out as far as I am concerned. I think Australian farmers are going to face serious problems in segregation. If anyone has had a crop with a few seeds of black oats in it, to see how the seed multiplies in the seed et cetera, it speaks for itself. Thank you very much, Mr Chair.

Senator CHERRY—Following on from that question—and it is probably the key one in respect of your act—my reading of the act says there is no definition in the act of segregation as being an economic issue. Surely the question of whether the seeds propagate on a farm or the next farm is fundamentally an environmental issue. How do you justify the view that that is not an environmental issue?

Dr Meek—Because segregation is to do with segregation for marketing purposes. It is to have a separation of GM from non-GM.

Senator CHERRY—But segregation is about ensuring that a neighbouring farm does not end up with a drift of seed or pollen from the farm next door. Surely that is an environmental issue.

Dr Meek—No. Segregation, as I said earlier, is about segregation for marketing purposes. In the risk assessment and risk management plan we have prepared in relation to each and every genetically modified organism which is proposed for release in Australia, we need certainly to look at the issue of whether or not the genetic material either in the plant itself or from the genes to other species can occur. What I must do is determine whether or not that movement presents a risk to human health and safety and the environment. That is the conclusion that I must come to in terms of, in the case of canola, for example, concluding that in fact there was no need for segregation because there were no risks that were greater than conventional canola from a human health and safety and environmental perspective.

Senator CHERRY—But if there is a pollen shift, the studies here and overseas—in fact the more recent studies overseas probably more so than the studies here—show that there is a transfer of some canolas from one farm to another. That affects that farm environment. What I want to get to the bottom of is: where does your definition of the environment come from?

Dr Meek—I will just respond to the earlier point you made. Yes, indeed, there may be transfer of pollen and genetic material does flow in that context. We have done an exhaustive examination of the extent to which we think that will occur and it is to an extraordinarily low level. It drops off very sharply away from the crop itself. But the movement of pollen in and of itself does not represent a risk. What I need to look at it is whether or not any risk presented can be managed. It is very clear from the study we have performed that the movement of pollen transfer, as I said, is limited and, even if it did occur, it can be managed by existing agricultural practices.

Senator HEFFERNAN—With great respect, if you think that there is a probability of segregating GM canola from non-GM canola and it building up in the seed base, I am afraid you have not been on a farm.

Dr Meek—I have already pointed out to you I am not talking about segregation here.

Senator HEFFERNAN—No, but this is tied up with the environmental side of it because, as you know, birds will come along, pick a few seeds, fly to the nearest powerline and drop their message in the paddock next door and that is how it spreads and that is how the direct cousin of canola—the wild radish—spreads.

Dr Meek—We have looked at the probabilities of that occurring in great detail in the risk assessment and risk management plan. We have concluded that the likelihood of that occurring is relatively low and—

Senator HEFFERNAN—I will take you for a run around the Riverina and show you under the powerlines where it occurs. You are presenting farmers with a nightmare.

Senator CHERRY—How can you say that, when the European Environment Agency said the risk of transfer to weedy relatives is quite high in canola? I have studied, as you can see, the various British studies which seem to completely cut across your entire analysis. Already I think your analysis is completely dated.

Dr Meek—The UK studies are a very good place to start in this context. The UK studies looked at the impact of herbicide management on a range of crops, both GM and non-GM. It says absolutely nothing about GM crops and their behaviour in the context of the environment. It is about herbicide resistance management.

Senator CHERRY—But if the plant has been genetically modified to be herbicide resistant, then that fundamental change to its gene make-up obviously brings into play the issue of the management system around the use of the herbicide.

Dr Meek—Yes, as it does, indeed, for all of the other herbicide resistant crops that are produced in the agricultural system by non-genetic means. The issue becomes one of herbicide resistance management and that is something that is an agriculturally wide issue. That is why, when we have come to look at the risks of gene transfer, in the context of GM canola, we have said that certainly it may occur, at an extraordinarily low level, as I stressed earlier.

There are two issues to take into account: one is whether or not gene transfer occurs and then whether or not that transferred gene can actually become stably integrated into subsequent populations. That is when an environmental issue arises. What we have

concluded, after very thorough assessment, is that—and let us remember that a herbicide resistance gene only transfers resistance to one individual herbicide, it does not transfer resistance to all herbicides—there are multiple management practices that are available.

Senator HEFFERNAN—In a paddock you could have Roundup resistant canola and, because of this resistance, you have to use a herbicide, but you could also have other plants which are susceptible to the herbicide—New Zealand chicory is a good example. I can show you a paddock of lucerne at home which had canola in it three years ago. It had weed in it for two years and I have sowed lucerne in it which is quite high now and all through the lucerne crop, because of what happened three years ago, are canola plants. I cannot deal with those canola plants because they are in the lucerne. What I am saying in practical terms, whether you believe it or no, is that you are presenting farmers with a bloody nightmare.

Senator CHERRY—The science review—and I want to come back to the timing of it in a second—warned expressly against the narrow consideration of purely the gene modification of crops and said it is necessary to judge the crop pesticide combination as a system rather than simply comparing the ecological impact of the crop in isolation.

Dr Meek—Yes, absolutely.

Senator CHERRY—I have read through your papers and it is purely about the toxicity of the plant itself.

Dr Meek—Absolutely not.

Senator CHERRY—It is not about the actual system.

Dr Meek—That is simply untrue. We look at three issues in relation to our risk assessment and risk management plan: toxicity and allergenicity is one of them; the second one is whether or not the genetically modified organism itself could be moved out of the site where it is grown; and the third one is whether the introduced gene could be moved into other plants. So there are three key areas.

Senator CHERRY—But there is no consideration here anywhere of the issue of the crop herbicide management system.

Dr Meek—Thank you for raising that, because it is a very helpful illustration of the way in which we have decided in Australia to regulate the situation. As I have already pointed out, there are indeed a number of herbicide resistant crops which have been developed by non-genetically modified means. The whole issue, as you have just pointed out from your quote from the UK study, is about the combination of the herbicide crop situation. That crop may or may not be modified to be herbicide resistant through gene technology; it may be through other means. What we have in the situation in Australia is a very clear distinction, but a very close collaboration between two different regulatory systems. One is the Gene Technology Act, which looks at live and viable genetically modified organisms; the other is the Agricultural Pesticides and Veterinary Management Authority.

Senator HEFFERNAN—But it should be all in one process.

Dr Meek—Which looks at the regulation of herbicides and their use as a whole.

Senator CHERRY—Who has done a system analysis then?

Dr Meek—The Agricultural Pesticides and Veterinary Management Authority does a thorough appraisal of the environmental use of herbicides and we look at it from the point of view of the movement of genes. In that sense I think you will find, if you look at the work in relation to the movement of genes and the introduction of genes either into canola itself, or into related weedy species, that we have actually looked very closely at the capacity for that to happen.

Senator HEFFERNAN—Can we have a forum in which both sides of that position—your position and whoever the other crowd are—get into one room—

Dr Meek—It used to be the NRA—

Senator HEFFERNAN—and we flog this out in one meeting. This is a nightmare. Do you understand the multiplication factor? What is the contamination factor they are debating will be allowed in Europe? Is it one per cent or two per cent?

Dr Meek—As I said, Senator Heffernan, the issue of whether or not the crops can be segregated for marketing purposes is one that industry has to work out.

Senator HEFFERNAN—I understand all that, but the industry is not getting a fair shot at this. I do not have a position. My position is all in or all out. I do not give a rat's whether it is all canola, all GM or all non-GM, or all in together. But you will not be able to separate it because the multiplication factor of the contamination in the seed base cannot be handled. It is physically impossible. Once you get one per cent of seed contamination of seed base, the next year it is five per cent, the next year it is 15 per cent.

CHAIR—Senator Heffernan, I have allocated this time to Senator Cherry and I think you should leave him to ask some questions in his half hour.

Senator CHERRY—Coming back to the issue of the UK crop studies and that fundamental finding in terms of the GM rape seed, the amount of weed matter is reduced by 80 or 90 per cent with flow-on effects for bees, birds, insects, butterflies, the whole works. You are saying that is irrelevant to any of your considerations because that is a matter for the pesticide management authority.

Dr Meek—As you recall, there is a comparison between the GM and the non-GM performance of three different crops and you have picked one of them, canola. There are differences in weed levels and also biodiversity. There are two reasons why this is not a direct consideration of the Office of the Gene Technology Regulator. One of them I have already touched on, which is that the study itself makes clear the analysis was on the impact of different herbicide regimes. The other issue in the context of the findings of this study for Australia is that these findings have very little relevance directly to the Australian situation. The reason for that is that the weeds in the UK agricultural system essentially are remnant native vegetation and the native flora and fauna are heavily reliant on those weeds, which is why an effective removal of weeds from a crop in the UK situation can have a very adverse effect on the local environment. In fact the UK system relies on biodiversity in the field for its flora and fauna to survive and thrive.

The situation in Australia is extraordinarily different. Weeds in the Australian context are usually introduced exotic species, so our native flora and fauna are not adapted to survive on

them and nor do they need them for their survival because, indeed, our agricultural system does not dominate the environment to the extent that it does in the UK. We have very large areas of biodiversity outside.

Senator CHERRY—But roadsides and riparian zones are obviously very important in terms of vegetation and native species in this country and there is certainly concern raised in several studies even here about the prospect of crop spray drift into those areas or even the pollen coming across from a nearby farm.

Dr Meek—You have touched on two different areas there. Certainly herbicide spray, as I said to you before, is a fundamental consideration in this study, but whilst I agree the edges of fields can be an important area, they are by no means fundamental to the survival of flora and fauna in Australia as they are in the UK.

Senator CHERRY—Can you take me through very quickly the arrangements you have with the APVMA to deal with the system issues like the issue of spread.

Dr Meek—The Gene Technology Act in the way it is structured is very closely controlled to ensure that there is a seamless relationship between the work that the Office of the Gene Technology Regulator has to do in terms of assessing risks to human health and safety and the environment from GMOs. Other regulatory agencies, such as Mr Slater has already mentioned, are the Therapeutic Goods Administration and Food Standards Australia New Zealand. The Agricultural Pesticides and Veterinary Management Authority is one of the prescribed agencies in the legislation with whom we liaise when we conduct risk assessment and risk management studies for intentional releases to the environment.

We have a very close working relationship with the APVMA to ensure we exchange relevant information. Parallel assessments are often the case. As you may be aware, the approval for the use of a herbicide on a herbicide tolerant GM crop requires approval both from the Office of the Gene Technology Regulator and the APVMA.

Senator CHERRY—Could you take on notice, if you take both the Bayer and the Monsanto applications, the interactions which you have had with the APVMA in terms of dealing with the issue of the crop management system. I have great difficulty accepting your premise that if a plant is being genetically modified to be resistant to a herbicide that that is not your business.

Dr Meek—It is my business. It is my business to assess whether or not that genetic modification has an adverse impact on human health and safety in the environment.

Senator CHERRY—Only the narrow issue of that gene, not what that gene is for.

Dr Meek—Whether or not the modified plant behaves differently, for example, in the Australian environment to the non-genetically modified variety is certainly something we would take into account, but what we need to look at is whether the risks that are presented, if they are indeed presented by a genetically modified organism, can be managed. In certain instances that management strategy may lie in the area of responsibility that I have, but in the context of whether the management involves use of a herbicide then, in fact, it would become the joint responsibility of both me and the APVMA.

CHAIR—Can I butt in here? It appears that the committee do not require FSANZ, as we first thought.

Senator HEFFERNAN—Are they the people who talk about human genes in cows?

Ms Halton—They are the people who talk about foodstuffs.

Senator HEFFERNAN—There is no need to do it in this forum, but I would like to have a long discussion because I have not been able to get any sense out of anyone in the government on this issue.

Ms Halton—I am sure our scientific experts can do a bit of research, so they can perhaps assist you.

CHAIR—That sounds good. Senator Cherry, please proceed.

Senator CHERRY—Coming back to the issue of the environment, are you operating under any policy instructions from government as to what is and is not the environment for the purposes of this act?

Dr Meek—No, the definition of the environment that we use is the one that is in the Gene Technology Act.

Senator CHERRY—But that does not exclude the notion of a neighbouring farm environment, for example?

Dr Meek—It would only include a neighbouring farm environment in the context of whether or not there was a risk to human health and safety or the environment. If the risk to the farm was an economic one then it would be outside of the definition of the environment.

Senator CHERRY—But if a farmer is of the view that contamination of their crop with a GM crop changes their farm ecosystem, then is that not an environmental issue rather than an economic one? You are saying it is an economic one but the farmer may regard that as an environmental one.

Dr Meek—What the farmer may regard his farm situation to be and what I have to look at, which is the environment as a whole, may be two different things. It is very often the case that a farmer may well regard it as an impact but it is actually about the marketability of the crop they are growing on their particular paddock. When it comes down to something that is an economic impact then that is quite clearly outside the scope of the evaluations that I am required to conduct.

Senator CHERRY—Your web site says you take into regard international developments in your assessments. Given the imminence of the UK crop trials and also the UK science panel report, why was the Bayer application not delayed until those reports were received and assessed?

Dr Meek—Because the UK farm trials were exactly that. They were farm trials and we were considering a commercial release application. I have already explained in considerable detail why the findings of the UK farm trials have very little direct relevance to Australia because our environmental situations are so completely different.

Senator CHERRY—Have you commissioned any research on impact on biodiversity in Australia of GM crops?

Dr Meek—No, we have not.

Senator CHERRY—Are you aware of any peer review studies in Australia that have examined the impact of GM canola and the associated herbicide regime on Australian biodiversity?

Dr Meek—We have looked at some 400 papers in the risk assessment and risk management plan. I would suspect that amongst those there may well have been.

Senator CHERRY—You can take that on notice if you like. I would be interested in the extent to which your office has looked at that issue.

Dr Meek—As I said earlier, if it is to do with a herbicide resistance management issue then that falls firmly within the jurisdiction of the APVMA. If that is the area you are interested in then I suspect you should be directing your question to them.

Senator CHERRY—So all the pesticide questions go to them. Do you have any regard for Landcare and the work that they have done trying to protect native species in agricultural ecosystems at all?

Dr Meek—When we start work on a risk assessment/risk management plan, we prepare a consultation version of that risk assessment/risk management plan, with advice from a whole range of expert groups and authorities, including the APVMA. Once we have put that together, we actually put it out for public consultation, so if there are any groups, such as Landcare groups or whatever, that had comment in the context of a specific application, then we would certainly be very pleased to hear anything that they had to say in relation to human health and safety or the environment, and risks that might present to them.

Senator CHERRY—In terms of the field trials which were conducted on GM canola under the auspices of your act, was there any consideration of the biodiversity in the field and on the field margins? Is there any interesting research which you have come across from your field trials?

Dr Meek—Field trials, by definition, are undertaken under limited and controlled conditions. They are required to have a pollen buffer of conventional canola around them, and then there are isolation and monitoring zones outside of that, which require the removal of related brassicaceous species. There is no research on biodiversity because what we are actually looking at is quite controlled in the sense that we are trying to keep away any genetically compatible plants in the context of the limited and controlled trials.

Senator CHERRY—Do you think there should be research on biodiversity as part of an approval process?

Dr Meek—I think the issue is that we have to look at risk to human health and safety in the environment. Biodiversity is one area which we look at closely in the context of, for example, insecticidal GM crops but, again, there is an issue there, a close interaction between us and the APVMA, and in that context things like insect resistant management strategies which are to do with preserving the reproductive capacity of the insects that are impacted upon in the context of those GMOs are something that is run through the APVMA.

Senator CHERRY—On page 8 of the Bayer risk assessment, the report states:

In addition, the introduction of tolerance to the herbicide glufosinate ammonium will not provide any selective advantage over non-GM canola in the absence of the herbicide.

Does this mean that the use of the herbicide does confer a selective advantage?

Dr Meek—Yes, absolutely. That is its point. It is a herbicide tolerant GMO.

Senator HEFFERNAN—What happens when you put radish into it?

Dr Meek—Put what with radish?

Senator HEFFERNAN—When the radish grows in your canola crop.

Dr Meek—The risk assessment/risk management plan looks very closely at the likely frequency of transfer of genes—

Senator HEFFERNAN—No, this is not about the gene. This is simply about the canola which is resistant under that chemical regime. By the way, the other river of gold for this is Monsanto and the chemical companies. They are going to have a whole new range of chemicals. But what happens to the canola resistant crop when you have radish in it that is not resistant? If you spray one, you kill the other.

Dr Meek—Yes, so you are getting rid of the weed in the crop.

Senator HEFFERNAN—But what spray kills the radish kills the canola, because what kills the canola does not kill the radish. Anyhow, I will leave my frustrations and leave.

Senator CHERRY—We should have an inquiry into this. In the Bayer risk assessment, you said:

Herbicide tolerance is unlikely to confer any fitness advantage to volunteer GM canola and/or weedy relatives outside of a system where the herbicide is used

but the UK study showed that GM canola was likely to confer selective advantage in field margins; in other words, outside the fields where the herbicide is intended to be used. Does that not—

Dr Meek—Sorry, I do not think that is quite right. The situation in the UK was about the use of the herbicide. If I recall correctly, it was the use of the herbicide on the crop that damaged some of the plants in the field margin. It is not about the GMOs. The use of a herbicide in the cropping system caused the changes in the biodiversity in the UK system. It is not about the GMOs themselves.

Senator CHERRY—Are you aware of a recent study in the journal *Science* on hybridisation by Wilkinson? That study indicated that regional variations are likely to have a significant impact on the extent of hybridisation.

Dr Meek—Yes, I am aware of that study.

Senator CHERRY—Does that change any of the considerations you made in your risk assessment on Bayer?

Dr Meek—The thing about the Wilkinson study is that it only goes part of the way in the process. It identifies the capacity for hybridisation but hybridisation is only the first step in looking at whether or not there is a risk associated with gene transfer. Hybridisation is the cross between the genetically modified organism and a related species. That plant in and of

itself is not really going to do anything particularly in an environmental sense. What you need is the next step, something called introgression, which is where the gene gets integrated into subsequent generations of a population. The Wilkinson study stopped at the point of looking at hybridisation and did not look at the introgression stage of things.

In our risk assessment/risk management plan for the Bayer canola, and indeed for the Monsanto one that is out for consultation at the present time, we looked very closely at the likelihood of whether or not there would be introgression, and we found two things: one is that the probability of introgression was far lower than that of hybridisation and, secondly, that the actual fitness of hybrids compared to the parent plants was greatly reduced so they were not as competitive as plants, they had fewer seeds, fewer flowers et cetera. The fact that they became hybrids did not necessarily mean that they were more vigorous plants; in fact, quite the contrary.

Senator CHERRY—Just touching on the Monsanto risk assessment, the OGTR did not release Monsanto's stewardship strategy for Roundup Ready canola, including the crop management plan, herbicide resistance management plan and Roundup Ready canola technical manual. Are they regarded as commercial-in-confidence documents?

Dr Meek—Yes. The company applied for commercial confidential information on aspects of their plan, because they had commercial information in them. However, the plans were available both to us and also to all of the expert groups and authorities that were giving us expert advice to prepare the risk assessment and risk management plan. As is explained in the risk assessment and risk management plan, as with this one and the Bayer, we examined those plans which are about segregation, not about risk management for human health and safety in the environment, to see whether or not they may or may not contribute any risk factors associated with the protection of human health and safety in the environment. We concluded that they did not.

The other aspect is that the plans were draft plans because Monsanto requires (a) an approval from us, and (b) knowledge of what herbicide resistant management strategies the APVMA may choose to implement in the context of the use of glyphosate on herbicide tolerant or Roundup Ready canola before they can finalise their plan.

Senator HEFFERNAN—This is my last go. When you have a crop like that one that is Roundup Ready resistant and you have a certain proportion of contamination of another canola in your seed base—the Roundup Ready idea is a great idea if you can segregate because it is a much cheaper way of dealing with the weed—when you spray it, if you have 20 per cent of your crop that is another seed, you can actually kill the crop. You can wipe out the density of your crop. This is going to be a serious nightmare.

Dr Meek—And, indeed, a lot hinges on those crop management plans which also obviously require issues dealing with seed purity as one of the things that they will have to take into account.

Senator HEFFERNAN—I would invite you and all your scientists to come down to a farm somewhere and try and clean a header out of canola seed, and I bet my bottom dollar that you cannot do it.

Senator CHERRY—I am just looking at a US media report, the US agriculture department on 9 September, which found that almost 20 per cent of mid-western farms growing a pest-resistant biotech crop had failed to comply with federal planting requirements. This was in respect of Bt corn and the requirement to have a non-Bt corn in the fields surrounding the Bt corn. I am concerned, both with the Bayer proposals, where you impose no conditions, but said the crop management plan is a great idea—

Dr Meek—For segregation, yes, for marketing purposes.

Senator CHERRY—and ditto with Monsanto, where the public, someone like me, has not actually seen the crop management plan. Are you concerned that the agriculture department in the US is obviously incapable of ensuring that when plans are put in place farmers stick to them? What impact does that have on your assessment of what is an appropriate risk?

Dr Meek—What happens in the US system is, obviously, well outside my control. If we have a limited and controlled trial which imposes conditions, we have very rigorous monitoring compliance requirements.

Senator CHERRY—Your act is all about risk management and risk assessment.

Dr Meek—Yes.

Senator CHERRY—The evidence from overseas suggests that the risk has to take into account farmers not complying with their crop management plans and the guidelines and all the other things which governments issue. Twenty per cent of farmers is a huge percentage of farmers for a commercially released crop. Doesn't that significantly change the sorts of risks you have to account for?

Dr Meek—Again, all I can say is that the situation in Australia is not the same.

Senator CHERRY—Our farmers are better behaved, are they?

Dr Meek—We have systems in place that will assist that to occur. In fact, if you look at the reports that are available in relation to, for example, the cotton industry and the insecticide resistance management strategy compliance there, it is a very different situation in Australia. We cannot make judgments about Australia just from things that are happening overseas. We have our own systems here. We are monitoring our field trials to ensure that they comply with the requirements.

Senator CHERRY—Coming back to the Monsanto crop plants and herbicide resistance management plans, how can people make informed comment on your risk assessment report about those fundamental parts of the whole show being released?

Dr Meek—The crop management plans, as I mentioned earlier, are about segregation of GM and non-GM crops to the extent required by markets, so that is outside the scope of the assessments that I conduct. In fact, the risk assessment that we did concluded that the Bayer canola presented no greater risk to human health and safety and the environment than conventional canola, so we did not require any segregation. The crop management plans are about segregation for marketing purposes. They do not relate to management of risks to human health and safety and the environment.

Senator CHERRY—As you define 'environment'.

Dr Meek—And in relation to the herbicide resistance management strategies, as I said, they are something that will be required or will be considered in the context of the APVMA's consideration of the use of Roundup herbicide on Roundup Ready canola.

Senator CHERRY—I am wondering, in terms of the Monsanto application, how you and the APVMA are cooperating in terms of getting that crop system assessment going, which we were discussing earlier. I would have thought that an assessment of the management plans would be fundamentally part of that.

Dr Meek—Yes, absolutely. Again, probably these are questions that you should be asking the APVMA, but certainly the indication that we have is that they will be looking very closely at the crop management plans that are proposed by the company in deciding what conditions they may wish to apply to the registration of Roundup Ready herbicide on Roundup Ready canola.

Senator CHERRY—How did you make the decision that Monsanto's and Bayer's right to keep it secret was more important than the right of the public to have a look at those plans and work out whether they are as good as they could be?

Dr Meek—As I have said already, the crop management plans are about segregation for marketing purposes. They are not about issues to do with protection of human health and safety and the environment. I have already determined that no segregation practices are required to manage risks to human health and safety and the environment in relation to this, so it is not about whether or not the crop management plans are relevant in the context of the assessment we have to undertake.

Senator CHERRY—I am getting close to time and I have a few more questions I wanted to take you through. We will do segregation again at another time, because I really fundamentally disagree with your view of your act on that. I think it is a very narrow view of the act and out of keeping with more modern definitions of environment in the EPBC and other acts.

Dr Meek—That is a very important comment. If you would like to compare the definition of the environment in the EPBC Act and in the Gene Technology Act, you will find that there is a segment of it that has been removed specifically in relation to the consideration of socioeconomic issues, so there is a distinct difference in the definition of environment in the Gene Technology Act as opposed to the EPBC.

Senator CHERRY—I accept the socioeconomic, but I do not accept—

Dr Meek—It is not in the act. It has been removed explicitly, as part of the process of the debate on the bill, in fact.

Senator HEFFERNAN—In New South Wales, there is a 10,000-acre seed study. Do you realise just how much canola that is, in terms of where it is going to be, the risk, ahead of all the approvals? This is a nightmare.

Senator CHERRY—But that is outside her act, apparently.

Senator HEFFERNAN—I know. That is why it is a bloody nightmare.

Mr Slater—I would say two things, Senators. One is that the Senate did have an inquiry into this. It was quite an extensive one, and so the debate on the legislation was a very informed one; therefore the definition of environment in the act was one that was the will of the parliament. The second thing to say is that within five years the gene technology regulatory framework, which is a national framework agreed by the Commonwealth and the states, is up for review. We are halfway through that process. At the ministerial council meeting in Perth they agreed to stay with the review date of five years, so these issues do have an opportunity for a full airing in that review period.

Senator HEFFERNAN—Well and truly out of the bag in five years time.

Mr Slater—2½ years, then.

Senator HEFFERNAN—Well and truly out of the bag in 2½ years time. The seed will be all over the place.

Senator CHERRY—Did you have any say on the construction of the New South Wales farm trials or is that entirely out of your area now that you have approved the commercial release?

Dr Meek—We have approved the commercial release of the Bayer InVigor canola. Of course, the decision is still pending on Monsanto and obviously they could not proceed with those trials as proposed if they did not have approval from the office. But, in the context of a commercial decision which has imposed only minimal oversight, the trials are about the conduct of a trial which it is for the New South Wales government to investigate, under its moratorium which it put in place to look at segregation issues and how practical they were—to allow it to proceed under those circumstances. We were not consulted in that context because we have already made the decision in relation to risks to human health and safety and the environment. This is a manifestation of the industry and the state governments, whose responsibility it is to look at the broader economic development issues, to work collaboratively and to work through whether or not segregation is practical.

Senator CHERRY—What research have you commissioned on the issue of human health effects of GM crops?

Dr Meek—Directly, we have not commissioned research. Obviously, Food Standards Australia New Zealand does a lot of work in assessing food products.

Senator CHERRY—But they have commissioned no research either.

Dr Meek—I am not aware of what they have done, but there is obviously a great deal of data. Oil from all seven lines of the Bayer and the Monsanto canolas have been approved both nationally and internationally.

Senator CHERRY—And once that is done, you don't investigate that further?

Dr Meek—We would look at any effects relating to toxicity and allergenicity related to the handling of the genetically modified organisms, but we would not reinvestigate food use.

Senator HEFFERNAN—Do you look at all the GM soya bean that has been coming in and people have been getting them for years? Do you individually look at what comes into the country from the States?

Dr Meek—Food Standards Australia New Zealand does. There is no GM soya bean grown in Australia or requested for import.

Senator CHERRY—There has been some research coming out of the UK—very preliminary—on human health effects. Has your office done any work on keeping up to speed on what is coming out of those UK studies or do you leave that entirely for FSANZ?

Dr Meek—It depends whether we are talking about in the context of a food use or whether it is a human health related issue outside a food use. Obviously we are interested in it if it is broader than that: if it is, for example, that being exposed to the canola in the field could produce a health effect of some kind.

Senator CHERRY—But what if it were about the whole issue of the ingestion of the GM organism? There is a study on the UK Food Standards Agency web site. It is not actually cited, but it found that a relatively large proportion of the genetically modified DNA survived the passage through the small bowel. Netherwood is the only reference I have here. There is evidence of genes being transferred from GM soy to intestinal microbes—also Netherwood. Given that the food standards authorities' approvals are somewhat dated and based on a fairly small sample of studies, are you simply required to take that as a given or would you critically assess those studies again?

Dr Meek—I would imagine that Food Standards Australia does keep abreast of the issues as they emerge and with new information. However, you would be better directing that question to them. As I recall, that study is by no means conclusive. There is a whole range of methodological issues that one could get into debate about, but I am not the person to have it with.

Senator CHERRY—Have you any commissioned studies out at the moment? Does your office look at commissioning any work on areas where there are holes in the knowledge?

Dr Meek—You are saying 'commission'. We have research requirements of applicants as part of our conditions for licences. We do not pay for those. I am not sure what you mean by 'commission' in that sense. We regard it as the applicant's responsibility to provide that data to us in order for us to continue to assess applications from them. There is research we require on an ongoing basis from applicants.

Senator CHERRY—You are not requiring any independent, totally arms-length assessments or considerations of issues like biodiversity or food safety.

Dr Meek—Food safety, I think we have already established, is outside of the remit. It is Food Standards Australia New Zealand.

Senator CHERRY—What does human health mean under your act then?

Dr Meek—It can be things to do with occupational health and safety issues. For example, as I said earlier, exposure to the crop. If the GM version of that crop is likely to, for some reason, be more allergenic than a non-GM, that is something we would look at. It is human health outside the food side of things.

Senator CHERRY—Has the government set any policy guidelines for you in terms of your operation, other than what is in the intergovernmental agreement?

Dr Meek—No.

Mr Slater—Other than the policy principle—

Dr Meek—Sorry, I beg your pardon, yes.

Mr Slater—that has been set by the ministerial council that states will be able to set GM-free zones and the regulator must take those into account in any decisions.

Dr Meek—Sorry, I was thinking Australian government there—

Senator CHERRY—In terms of your definition of what is in the environment and what is not, that is essentially something which your office has determined on the basis of what is in the act.

Dr Meek—The definition of the environment in the act is what governs our interpretation of it, yes.

Senator CHERRY—And your interpretation of that.

Dr Meek—Yes.

Senator McLUCAS—I understand in your quarterly report to March you reported that Monsanto had reported the unintended presence of a very low number of volunteer GM Roundup Ready canola plants on a site previously sown to conventional canola. The site had never been involved in approved GM canola trials. Do you have any idea how those plants got on to that block of land?

Dr Meek—No. It is one of those things where there were so few plants the amount of material for sampling was very limited. We were unable to get a clear source for where the material may have come from. As you say, it was a very limited number of plants which were dealt with promptly and there is no risk to human health and safety, or more particularly to the environment, from this.

Senator McLUCAS—Monsanto advised you that they had found them.

Dr Meek—Yes, that is right.

Senator McLUCAS—How many plants are we talking about?

Dr Meek—About half a dozen. I knew it was very few, but I was not quite sure how many.

Senator McLUCAS—I understand you say you do not know how they got there, but then you say that the incident posed negligible risk. If it were not six plants or five plants, but it was 50 or 500, I do not actually see the difference—five plants have appeared and we do not know why. How is that different to 50 plants or 500 plants that appeared in a paddock that has never previously had GM canola? How is that different?

Dr Meek—It is a bit like what I was discussing with Senator Cherry. The presence of a particular plant, obviously if it never flowers it is very easy to deal with; if it flowers and it produces seeds then there is a certain amount of seeds that can be produced and a certain amount of regeneration that might occur from those plants. Quite clearly, from half a dozen plants—even though an individual plant, as Senator Heffernan will tell you, can produce a lot of seeds—it is still entirely manageable in terms of regrowth. We have required that site to continue to be monitored to make sure there is no regrowth from the area.

Senator McLUCAS—You said you did not have any idea how they got there. Are you still pursuing that line of inquiry to find out how they may have got there?

Dr Meek—As I mentioned earlier, there was very little material available to us. The plants themselves were very sickly and it was difficult to have enough material to do some of the tests that we might have been able to in order to source the origin of the genetically modified plant. We just were not successful in being able to do it. We are continuing to monitor the area. There is no evidence that it has appeared anywhere else. There is very little more we can do in that context.

We liaised with the seed companies. They cooperated fully in terms of trying to identify whether or not any other seeds in the batch had produced any of these plants, which they had not. There is very little further we can go, other than, as I said, continue to monitor the situation.

Senator McLUCAS—Where was the closest approved planting of canola to the site in question?

Dr Meek—It was over 20 kilometres away. It is more than likely it was something to do with the seed that was planted, rather than it being something to do with a transfer from a GM trial site.

Senator McLUCAS—The contamination of the original seed planted was—

Dr Meek—Yes, possibly.

Senator McLUCAS—where it came from?

Dr Meek—We think, yes.

Senator McLUCAS—Have you investigated that with Monsanto?

Dr Meek—Monsanto and the seed supplying company, yes. As I said, they had done initial testing on the seed batch and had not identified anything. The most likely conclusion is that there may have been something at an extraordinarily low level. To have only produced half a dozen plants in a whole field, when there were millions of plants probably growing, obviously means it was an extraordinarily low level.

Senator McLUCAS—But it does show that the separation methodology is not working.

Dr Meek—It has shown that it is possible but, as I said, we cannot really be conclusive about it in terms of the origin. We do not know. None of the testing we did would have supported the fact that it did come from that seed. The level is so low we would have had to actually destructively test every single seed in the batch in order to have got the number—that is how low it was. It was not a feasible way of concluding the tests.

Senator McLUCAS—Have there been any other events similar to this since that report?

Dr Meek—No.

Senator McLUCAS—There was a report produced by the British government recently that talks about in GM canola and sugar beet crops there were fewer bees, birds, butterflies and insects than in conventional crops. To what extent does OGTR take that sort of work into

consideration? I know it does not fit within the act you work under, but what do you do with that sort of research?

Dr Meek—We look at it very closely. I was ready for some detailed questions on this. That is our analysis, as well as the eight papers that came out in the UK farm scale evaluation field trials there are five associated papers from DEFRA and a couple of the others, one of which Senator Cherry mentioned. We do monitor these things and we look at it from the perspective of whether or not they are of relevance to the Australian situation. Whilst the UK studies are extensive and they provide some very interesting data, they are really not of direct relevance to the Australian situation.

Senator CHERRY—Are you saying that the potential for oilseed crops is not relevant to the Australian situation?

Dr Meek—No, because I have already said to you that one of the things we look at in the context of risk assessment and risk management plan is the capacity for the genes to move, but then to look at whether or not the consequences of those genes moving can be managed.

Senator CHERRY—That is astonishing. I am sorry, Senator McLucas, because it was a good question. I find it astonishing that you can just dismiss the eight reports as irrelevant when they are on the very issue that Senator McLucas is asking questions about, which is about volunteer contamination of later crops.

Dr Meek—No, those studies are about what happens when you change herbicide application patterns on crops, whether they are GM or non-GM, it does not matter. What those studies also demonstrate very clearly is that there are far greater differences associated with changes in biodiversity on what crop you plant. There are far greater differences between the different crops than there are about GM and non-GM versions of the same crop. The study is about the use of herbicides, not whether or not the GMO has an impact on the biodiversity. It is about the weeds not being present that causes the changes in biodiversity.

Senator McLUCAS—That is the question I wanted to ask. Everyone recognises that the environmental issues are different—that the weather, the soil types, all those questions, provide a different environment—

Dr Meek—Also equally importantly is the fact that the biodiversity in the UK relies on the weeds that are in the fields for their survival because that is the remnant native vegetation. In Australia farmers, generally speaking, want to get rid of weeds because they are exotic species and because they are exotic our native biodiversity is not relying, either for habitat or for food, on those weeds.

Senator McLUCAS—That is essentially the difference between the British experience and the Australian experience.

Dr Meek—That is absolutely right and of course the amount of land we have committed to farm is far less, proportionately speaking. There is almost no biodiversity outside of the agricultural situation in the UK whereas obviously that is not true for Australia.

Senator McLUCAS—Has that contention you are putting, which sounds logical, been written up somewhere? Is someone in Australia doing essentially a response to this British report?

Dr Meek—Yes, the CSIRO actually put together a panel just recently to look at that issue. There was a recent press release and a report that has been put out which I would be happy to get for you if you would like to see it.

Senator McLUCAS—If you could provide to the committee how to get to it.

Dr Meek—Yes.

CHAIR—We have now completed questioning of the gene technology regulator. Thank you for your attendance. We will move to ARPANSA.

Australian Radiation Protection and Nuclear Safety Agency

Senator WONG—Dr Loy, I want to ask you some questions regarding the national radioactive waste repository. I note in your annual report you indicate that, in relation to the licence application made by DEST, you are discussing within ARPANSA the technical assessment, legal and public submission issues. Can you tell me what stage that consideration is at?

Dr Loy—Things have moved on since the annual report. We received the licence application from the Department of Education, Science and Training on 15 August. That was for a licence to site, construct and operate the national radioactive waste repository. I advertised that I had received that application and called for public submissions by 8 November. I expect to receive submissions on or around that date.

ARPANSA staff commenced preliminary assessment of the application and subsequent to that I formed a view that the application in its current form required some further clarification and, possibly, some supplementation. I wrote to the department to that effect at the beginning of October. They subsequently sought some clarification from us and have indicated they will have the additional information I sought available by the middle of December. So we are awaiting the public submissions and some further information from the department. In the meantime we are continuing our own assessment of the application.

Senator WONG—What were the issues in the letter to DEST that you raised?

Dr Loy—An overarching issue was that I found the application needed, in my view, some clearer pointing to the specific evidence that the applicant was relying upon; that there was very substantial supporting evidence in volumes 2 and 3 of the application but that I was not really very well pointed to the specific evidence being relied upon. So I asked them for some clearer pointers to the specific evidence they were relying upon.

Other matters included asking them to spell out a little more the relationship between the proposed repository operator and the department, since the roles and responsibilities that the repository operator would have vis-a-vis the department, as the licence holder, is important.

I asked for them to point to the very specific evidence about site 40a. The application was relying upon, to a great extent, the environmental impact statement which had evaluated three sites and some of the evidence was generic. That may be okay, but I needed the department to specifically address the exact site and to argue either on the basis of very site-specific evidence or that regional evidence was appropriate.

I asked then to expand upon the arrangements for managing safety, to address directly what is the full design of the repository and the roles of the physical barriers and engineered safeguards and some other matters about lack of clarity, in my view, about the waste acceptance criteria.

Senator WONG—Are you prepared to provide a copy of that correspondence?

Dr Loy—When I wrote to DEST I said my preference would be to put my letter up on our web site. I asked them whether they had a view on that.

Senator WONG—I do not think they were going to say yes to that, Dr Loy.

Dr Loy—I am sure they are believers in openness and transparency as much as anyone, but they preferred that not to happen until their response so that both things went up at once, my letter and their response. That was their preference.

Senator WONG—Well, I am asking you to provide a copy of that.

Dr Loy—I am old enough and sad enough not to want to take on the Senate committee in this aspect. If I could have the courtesy of at least letting the department know that I am providing it to the committee, they may wish to provide their initial responses to the committee as well—if you would allow me to let them know.

Ms Halton—I think Dr Harmer is just down the corridor.

Senator WONG—I do not think that is an unreasonable request, Dr Loy, so perhaps if you could provide it at a reasonable time. I have a number of questions arising out of your answer. Is it usual for an application to site, construct and operate to be tied up in one application?

Dr Loy—My answer to that has to be in one sense no, but then again the population of applications of this kind is very small. Certainly in the case of the replacement reactor, they are going through a step-at-a-time process. That is something of a different nature. The argument that DEST made in particular was that they found it difficult to sort out the difference between construct and operate in terms of a repository. That is certainly an issue. Their view was they should apply for all together. I need to be satisfied on the evidence they present that I may issue a licence in relation to each of those conducts, as it were, one at a time.

Senator WONG—Is there any precedent for a three-pronged application being made in this way?

Dr Loy—No, but there are not many precedents at all, if you see what I mean.

Senator WONG—Yes, I understand.

Dr Loy—In terms of new nuclear installations, as the definition under the act is concerned, there are not many. A replacement reactor was the other one, and it was done differently.

Senator WONG—Who is the proposed repository operator, given one of the concerns you raised was the separation from the licence holder to the operator of the proposed repository?

Dr Loy—At this point, there is not a proposed repository operator. There is a function described, which would then be contracted for. My issue is, as I think you would understand, how much can I rely upon what the applicant says about what that unknown person will do?

The applicant will argue—very reasonably—that they will set that out in contractual conditions, but I need that very much spelt out for me.

Senator WONG—The application envisages the government contracting out the management of the repository?

Dr Loy—That was always envisaged—that it would be a contracted-out operation. That came as no surprise. The issue is the relationship between the department as the licence holder and the repository operator as the doer.

Senator WONG—You also said that there were some issues on which you wanted further evidence in relation to some of the physical barriers proposed. It has certainly been reported—and I know that newspapers can get it wrong—that ARPANSA has set up a working party to investigate the effectiveness of a barrier in the shallow dump to separate the drums of waste in the soil. Is that one of the areas of ARPANSA's concern?

Dr Loy—The issue of the physical barriers is obviously a significant matter. It would be for any application for a repository. What I have done—similar to what I did for the construction licence for the replacement reactor—is refer some matters to the Nuclear Safety Committee, which is a committee established under the ARPANS Act. I have asked them to look at a couple of issues and, similarly, I am also referring some issues to the Radiation Health Committee. The issues that I thought were useful to get the advice of the Nuclear Safety Committee were, on the one hand, what can be characterised as hydrogeological issues where the water moves in this part of the world, and on the other, the effectiveness of the physical and engineered safety barriers. There is expertise on that committee that can give me advice.

I had planned to do that prior to receiving the application, so it is not a reaction to any perceived weakness in the application. It is something that I thought was useful to get external advice on.

Senator WONG—Can you provide to us copies of the correspondence to the two committees that you have mentioned?

Dr Loy—Certainly. In fact, if they are not on our web site, they will be. But we can certainly provide that.

Senator WONG—The concern, I assume, regarding the effectiveness of the barrier is the potential risk of leaching into the soil. You also mentioned concerns regarding the hydrological profile of the site. Can you please clarify those?

Dr Loy—I do not necessarily accept the terminology 'concerns', but they are central issues in a repository. The whole idea is to put the waste in a circumstance where it will not reach the wider environment for a period of time, so part of the answer to that is looking at the movement of water in the site itself and part of the answer is looking at the barriers in which the waste is contained. Those questions would go to the structure itself: what kind of lining in the bottom and the sides, if any, do they propose; what structure goes over the top. Obviously, you want a structure, such that water runs off rather than into the repository. What is the physical containment of the waste within, say, the 44-gallon drums as I still think of them; the

grouting; the placement of the waste within that engineered repository; the grouting that you might have between the drums.

All of those things go into an overall safety assessment of the repository. What I was saying was that I felt I needed some more chapter and verse on those issues from DEST and, since they are central issues, I have also asked for the advice of the Nuclear Safety Committee.

Senator WONG—Are you satisfied, on the basis of the DEST application, that the particular methodology of construction and the barriers that you have described are sufficient to ensure there is no risk of leaching of material?

Dr Loy—I have not made any decision.

Senator WONG—The report that I was reading from also refers to ARPANSA establishing a working party. Is that in addition to the reference to the two committees about which you have given evidence?

Dr Loy—No, it is not. The committees work by practice, by setting up a working party of members to look at the specific issues. The Nuclear Safety Committee has set up two working parties to look at each of the issues I have referred to them.

Senator WONG—There are no other additional bodies within or external to ARPANSA that you have asked to consider any aspect, other than the ones you have identified?

Dr Loy—Yes. We are also arranging with the International Atomic Energy Agency for an international review of the application. Again, that is what we did for the replacement reactor construction licence and that is very useful in giving an opinion on international best practice in relation to the repository. That review has been arranged to take place in the second half of January.

Senator WONG—I note that one of the issues—I will refrain from using the word 'concerns' in deference to your answer previously—you have raised is the generic nature of some of the evidence in the EIS. You have not asked for any further clarification on any of that material from Environment Australia, have you?

Dr Loy—No, I have not. It is for the applicant to make the case.

Senator WONG—I appreciate your position as regulator in dealing with the licence applicant but, from the public perspective, to have the proponent department deal with these issues, rather than the department that actually performed the EIS, is somewhat problematic.

Dr Loy—I have no view that I should rule out asking Environment Australia's view about something. If I thought I needed that, I certainly would. We come at the issues from somewhat different perspectives but the point you make is a fair one. I would be more than happy to draw them in on those issues if they are willing to be so drawn.

Senator WONG—I asked this question of them last night. They simply indicated that they had no knowledge of any further investigation in relation to these issues.

Dr Loy—It may not be a case of further investigation. I imagine DEST did a lot of work on each of the sites. Of course, the preferred site in the EIS is not the site they are currently putting forward.

Senator WONG—That is right. It was a bit close to the rocket range, I think.

Dr Loy—I will not say the EIS had a bias but the most complete evidence was presented for the original site. I expect they have lots of evidence that they did not put in the EIS that they will be able to offer for site 40a

Senator WONG—But that will not have been subjected to consideration by Environment Australia.

Dr Loy—No. I would be more than happy to draw them in on giving their opinion and view. Of course, they did clear site 40a in the EIS process.

Senator WONG—I do not dispute that. I am simply talking about who is the appropriate department to reinterpret or provide further evidence in relation to some of the evidence in the EIS. My point, which I think you have answered and it does not instil great public confidence, is that it is the proponent department. This is in a context, as you are aware, that there is significant opposition to the construction of this repository, certainly from the state of South Australia.

Dr Loy—I do not want to be here arguing against the involvement of Environment Australia at all.

Senator WONG—I am not going to ask you to do that.

Dr Loy—Part of their assessment was about the radiological impact—transmitted through the environment—on people. We feel we have enough expertise to deal with that. I am sure there are related environmental issues that we would be more than happy to get their advice about. We will do that.

Senator WONG—Have you also raised issues regarding the transport of the material?

Dr Loy—Not in this response.

Senator WONG—Where have you raised those issues?

Dr Loy—Transport is a relevant issue and it is covered in the application and in the EIS. I imagine it will be the subject of quite substantial public submissions, so I will consider that. But in terms of my licensing, I am not being asked to license any transport. I am not being asked to license the transport of X quantity of radioactivity from Lucas Heights to Woomera. Clearly I am being asked to license a repository at Woomera which will result in such transports. Therefore, it is a relevant issue.

Senator WONG—Is there no licensing requirement for transport?

Dr Loy—There will be. As DEST set out in their application, their intention would be to apply for specific licences for transport, or they may be covered under existing Commonwealth licences in the sense that the applicant would still need to ask for specific approval but under an overall cover of their existing licence.

Senator WONG—That would be from ARPANSA again?

Dr Loy—Yes.

Senator WONG—But I suppose at that stage it might be a formality. If you have already got the repository, you are hardly not going to license transporting stuff there.

Dr Loy—There are two issues. Yes, there may be a repository if they can demonstrate that it is safe and acceptable in that location. The licence applicant would need to demonstrate that the arrangements for that specific transport would be safe.

Senator WONG—Each specific transport?

Dr Loy—Yes.

Senator WONG—Every shipment?

Dr Loy—I do not know. I think you are taking me a little bit too far ahead. I would envisage, for example, that ANSTO would apply for a licence for the transport of their material in their first campaign and ask for a licence covering a number of similar transports. In other cases it would be individual shipments.

Senator WONG—The annual report, as you have noted, is a little bit out of date in relation to this issue. You also made reference to discussing public submission issues and legal issues. Can you tell me what those are?

Dr Loy—As I said, I have advertised, as I am required to do by the regulations. I indicated that I have this application and intend to make a decision on it and called for public submissions. Internally that is quite a substantial management issue for ARPANSA. I called for public submissions by November, given that I will be getting further information from DEST in December. I would envisage some form of second round of public submissions to take account of that further information. In the case of the replacement reactor I also held a public forum. I would consider doing that again if an appropriate agreement could be reached. That is the range of public submission issues we are looking at.

Senator WONG—With whom would agreement need to be reached?

Dr Loy—In the case of the replacement reactor, I actually have no hearing powers. I cannot give anyone any legal protection. I cannot require people to appear. A public hearing essentially has to be based on goodwill and people participating with the right kind of spirit, provided people are happy to participate in a public forum.

Senator WONG—When you are talking about people, are you talking about the ACF or are you talking about DEST officials?

Dr Loy—Both. I could not require DEST to appear if they decided not to. I also could not require the ACF to appear—I would probably have to set up a barrier to stop them! Of course, I cannot offer anyone any legal protection for anything they say in the public forum. Everybody has to understand all of that and agree to it, then we can go ahead, which I would be glad to do. DEST had foreshadowed that they would apply for licensing of the three conducts. It was sorting out, in our minds and in our legal advisers' minds, just how we could deal with that.

Senator WONG—Whether it was permissible?

Dr Loy—It was very clearly established that it was permissible but how clear did I need to be in my decision making about the three steps?

Senator WONG—I see.

Dr Loy—I think the answer is, 'Very clear.'

Senator WONG—Hence your need for further clarification of the relationship between the contractor and the licence holder.

Dr Loy—Exactly.

Senator WONG—In your overview at the commencement of the annual report, one of the major matters you say you want to report on at the end of 2003-04 is that you make a decision on the licensing of the repository that is seen to be lawful and fair by stakeholders. Are you aware that the government has contracted a public relations company to assist with convincing South Australians about the benefits of a repository?

Dr Loy—I have read some questions and answers in the *Hansard*. I am aware to that extent.

Senator WONG—In the context of seeking that these matters are seen by the public to be fair, do you not think that action flies in the face of that objective?

Dr Loy—As far as I am concerned, it is completely irrelevant.

Senator WONG—And when do you think you will be able to provide that correspondence we discussed, Dr Loy?

Dr Loy—I would hope within the next couple of days. I do not see any reason to hold it up.

Senator WONG—Thank you, Chair. I have tried to stick to my time limit.

CHAIR—You have done very well. Thank you very much. If there are no further questions of ARPANSA, we will thank Dr Loy and proceed now to general issues in outcome 1, Population health and safety.

[9.40 p.m.]

CHAIR—Thank you, officers. Can I invite Senator McLucas to ask some questions.

Senator McLUCAS—Thank you. I would like to ask some questions, first of all, about the reviews of the National Hepatitis C Strategy that was finally launched in September of this year. They were initially going to be available in February. Is that correct?

Mr O'Donoughue—The reviews were commissioned in 2002, which was midway through the HIV Strategy, which is going to be completed in June 2004. Their release and the release of the government response was announced by the former minister on 24 September this year.

Senator McLUCAS—But we were advised they were going to be announced first of all in February 2003. Is that right?

Mr O'Donoughue—No, I am not aware of any such plan to release at that time. As I said, they were commissioned midway through the strategy in order for there to be ample time for the completion of the reviews before the end of the strategy.

Senator McLUCAS—I understand that there was a series of four reports that were developed in conjunction with the whole review. Is that correct?

Mr O'Donoughue—Yes. Since the start of the HIV-AIDS Strategy there have been very significant evaluation reports midway through each of them. In this case, there were review reports that dealt with the HIV-AIDS Strategy, with the Hepatitis C Strategy and with each of

the national research centres that are funded under the HIV-AIDS program. That was also accompanied by an overarching lead review team's report.

Senator McLUCAS—Were those reports made available with the evaluation report?

Mr O'Donoughue—Yes. The intention to release the reports and the government response was announced by the former minister on 24 September. Unfortunately, due to the almost immediate change of ministers, there has been the need to brief the incoming minister to basically enable him to be across the full detail of this quite complex set of reports, and that has delayed making the reports available to the public at this stage. We are hoping that will be quickly resolved, and the reports and the government response will become available.

Senator McLUCAS—To make this clear, they were launched on 24 September by the former minister. The full report of the review of the National Hepatitis C Strategy, the HIV-AIDS Strategy and a series of four additional reports were launched on 24 September but they are now not available?

Mr O'Donoughue—The former minister on 24 September announced that cabinet had accepted the government response to the review reports and that the review reports and the government response would be made publicly available. In concert with that, she also announced a new advisory structure for the HIV and the hep C strategies, and that that would be proceeding. Because of the change in ministry, as I have explained, we have been unable to make the government response or the reports publicly available at this time, but that should be quickly resolved.

Senator McLUCAS—I cannot understand. I do not see why a change in minister means that a report that has been launched, that the community has been advised is going up on the web site, is not there. Something is launched, it is out there, the government has signed off on it, it has been through whatever processes are required, and then the minister changes and we pull back on what we have just done?

Mr O'Donoughue—Senator, in terms of the detail that lies behind the reports, while the overarching advisory structure, for example, has been announced, to actually go down into the detail to populate that advisory structure with particular committee members does require quite detailed briefing of the incoming minister and his consideration afresh of what that population of committee members might be. That sort of level of detail has required us briefing the new minister and, coming into a very broad portfolio, he is also having to be briefed about everything else in the portfolio.

Senator McLUCAS—That is the membership of the committee.

Mr O'Donoughue—That is one aspect of the detail of the reports. It is a very comprehensive, might I say an international standard, review of each of the strategies and then a detailed government response to each and every one of the recommendations in those reports. That level of detail and comprehensiveness for a very broad set of strategies has been a complex briefing task.

Senator McLUCAS—That does not answer my question about why something can be launched and then withdrawn. It has been through the process. The minister of the day or of the minute, as it in fact was, launched the strategy and then some time—hours or less than

hours—later there was a change of minister and then whatever she did in those last minutes changed. I cannot see how. Why only that? Why not all the things that the minister did the day before?

Ms Halton—My understanding is that on the day that that event occurred, she made the announcement in respect of the names and the committee structure. Then, for the final detail of all of the committee members that Mr O'Donoughue outlined, the actual reports were not released precisely on that day. I think she said she was finalising those details, and because those details were not finalised, because they were imminent—as I think as Mr O'Donoughue has tried to explain—and then there was the change in minister, they were then not finalised. I do not know that we can be more precise than that, because it was something that was being managed in the former minister's office.

Senator McLUCAS—When do you think the reports will be published on the web site?

Mr O'Donoughue—Senator, we have briefing material before the minister at the moment and obviously we are very keen to see them released very soon; I am sure the minister is, too. We would anticipate within a matter of days.

Senator McLUCAS— I am advised community consultation for the lead-in to the development of the new strategies which will have to come into effect in July of next year needs to be quite extensive. What is the time frame for the development of the new hep C strategy so it can be effective on 1 July 2004?

Mr O'Donoughue—I suppose one reflection is that there has been the beauty of the very extensive consultation process that has taken place in reviewing our current hep C and HIV strategies, so that will be good groundwork, and there will also be the new advisory structures that are being put in place. Clearly, those advisory structures, which are themselves representative of the broad constituents and stakeholders in this area, will be tasked with guiding the development of the new strategy and a consultation period. It really needs to be in place as soon as practicably possible to inform the next phase after June 2004.

Senator McLUCAS—Just going back a step: as I recall, Minister Abbott was not sworn in until the Tuesday of the following week, Friday being 23 September, the day of the launch of the evaluation. Who advised the department officials not to place the evaluation reports and the government response on the web site?

Ms Halton—I do not think it was a question of being advised not to; it was a question of waiting for clearance to, if you understand what I am saying.

Senator McLUCAS—I understand there is a process there.

Ms Halton—At the point where we are given clearance to do it because all of those subsequent steps had been taken, we were not given clearance to do it because, as I understand it, they had not been taken.

Senator McLUCAS—Is that normal practice? Do you have to wait for clearance once there has been a launch? There was quite a big event, I understand. There was the launch. There was the document.

Ms Halton—We have to be given clearance.

Senator McLUCAS—To place it on the web site. How long does that clearance usually take to happen?

Ms Halton—It varies. As Mr O'Donoughue has outlined, our understanding was there were a number of issues that had to be resolved and we were waiting until they had resolved, at which point they would tell us to post it. That instruction, that clearance, never came. As I think he has outlined, some of those issues had not been resolved and we are now trying to resolve those with the incoming minister.

Senator McLUCAS—Hopefully that will be quickly. Sorry, Mr O'Donoughue, you were explaining the process to develop the next strategy, and the consultation that has occurred to this point in time has been useful in developing the next strategy. Do you have a time line of what needs to occur between now and July of next year?

Mr O'Donoughue—Not an updating charter, as it were, although I think the new advisory structure will be fundamental in terms of bringing revitalised expertise to the table and marshalling that consultation process you have referred to, which will be necessary. The reports are indeed a very comprehensive piece of work in themselves. There was extensive consultation, as there has been each time these strategies have been reviewed. I would be very optimistic that it will not be a huge task for the new advisory structure to marshal the new strategies.

Senator McLUCAS—Dr Wooldridge has been appointed as the chair and there have been chairs appointed to three subcommittees. Can you give me an understanding of what the total structure will be?

Mr O'Donoughue—Yes. There is an overarching advisory body which would draw up from the smaller sector committees. It will be overlooking HIV-AIDS, hepatitis C and sexually transmitted infections and reporting to it will be an HIV-AIDS and STI Committee, an Indigenous Australians Sexual Health Committee and a Hepatitis C and Other Hepatides Committee. That kind of structure with separate arms for hepatitis, HIV and STIs is one of the key recommendations that came out of the review reports.

Senator McLUCAS—How many people will sit on each committee?

Mr O'Donoughue—That is one of the fine details yet to be finalised, although clearly our minister has received a proposed structure with likely types of individuals who would populate those communities. But I cannot give you the definitive answer at this time.

Senator McLUCAS—The reports recommend individuals who can sit on that committee, with a government response. Is that correct? Do I have the right document?

Mr O'Donoughue—Yes. The government response in effect—in response to the review reports and our considerations and government's considerations—sets out the draft structure.

Senator McLUCAS—Including making recommendations about individuals who could serve on those committees?

Mr O'Donoughue—Not at the level of committee members, only at the level of chairs, but more in the type of person or type of expertise that might be represented on the committee.

Senator McLUCAS—That structure has to be adopted and you are hopeful that will be shortly?

Mr O'Donoughue—The chairs, as you say, have been announced and the intention is that they will meet very shortly and receive a briefing from the minister and then the rest of the committee structure could be populated.

Senator McLUCAS—How long does that usually take? Do you have to go through a process of identifying potential members and sending them off to the minister, obviously, to be approved? Can you tell me what the process is?

Ms Podesta—We do not envisage that to be a long and drawn-out process. The government response to the reviews identifies organisational representation on the committees and therefore there are very few spaces that have to be filled. We will be bringing the chairs together in a matter of weeks, to finalise recommendations to the minister for the membership. We envisage that the committees will certainly meet this year.

Senator McLUCAS—The first meeting will be this year? What is their task between now and July?

Ms Podesta—We are very fortunate in that we have a very good base upon which to build. You mentioned hepatitis C, so I might just talk about that a little bit. Australia is very fortunate in that we had the world's first hepatitis C strategy. This strategy did provide a very comprehensive framework for national action to address issues to do with the hepatitis C epidemic. It was based very much on the successful approach taken to respond to and manage HIV-AIDS. The strategy has been acknowledged as a very effective framework for delivering public health outcomes in terms of managing the disease, improving the lives of those affected by hepatitis C and improving general community awareness of hepatitis C as a serious public health concern.

What we envisage is that the second National Hepatitis C Strategy has a very strong base upon which to be developed. We are not developing a new strategy in isolation. We are building on the success of the original strategy. The new ministerial advisory body will be guided by the hepatides committee that is being established to build on the existing strategy and come forward with the next Hepatitis C Strategy.

Senator McLUCAS—So their task is to build on the existing strategy?

Ms Podesta—To undertake consultation and to provide expertise and advice.

Mr O'Donoughue—In each of the HIV and hepatitis C strategies the overarching goal is to minimise transmission of the organism and the harm that is caused to individuals. In those broad terms that is their overarching goal. We are experienced in a strategic approach to HIV and now hep C. Ms Podesta is correct in saying we are not in entirely new territory here and we can build on the strengths of the past.

Senator McLUCAS—When do we expect the strategy to be in place then? There has to be a period of consultation. We have to build on existing success.

Ms Podesta—The existing strategy is in place until the end of June.

Senator McLUCAS—Sorry, the new strategy.

Ms Podesta—The new strategy would clearly need to be in place before that period.

Senator McLUCAS—How long did the first one take to develop, given that you were inventing the wheel there?

Mr O'Donoughue—The first HIV strategy?

Senator McLUCAS—Sorry, no. Hep C.

Mr O'Donoughue—You have cast my mind towards HIV. There was a green paper in 1988 and the first strategy was published in 1989, so it took at least 12 months for the development of the initial strategy. Each time a strategy has been developed subsequently for either HIV or hep C it has taken a shorter time because it is building on an agreed framework and a consultation base and a partnership approach which has been very successful. It is not at all unfeasible that the new strategies could be developed in the course of a matter of three months.

Ms Podesta—I am advised that the first hepatitis C strategy was nine months.

Senator McLUCAS—It will take less time than that this time around. The review of the hep C strategy was fairly critical in some areas. It found that it was not properly funded and, in fact, was quite critical of a number of elements. When you say that you are going to build on the existing strategy, there will have to be some changes, I imagine, to take account of some of the criticisms that are in the review.

Mr O'Donoughue—Can I first point out that there is a considerable amount of synergy between the HIV strategy and the hepatitis C strategy, so to some extent prevention and surveillance elements of the HIV strategy have been very helpful in terms of our controlling hepatitis C as a phenomenon.

You cannot think about them in isolation. Clearly there will be a need to finetune in the light of the review findings, and funding is one of those issues. We always need to look at relative priorities and whether the picture has shifted since the last time we had a strategic look at it. I would say the review was, overall, praising us being in the position of having a strategic approach. 'We could always do better' was a message from it.

Senator McLUCAS—It is good to have a strategic approach, but I think that the review identified that the strategy that was being adopted was ineffective in some respects, but also not helpful at all, especially to do with the Tough on Drugs policy. What did it say about Tough on Drugs?

Mr O'Donoughue—What did the review say?

Senator McLUCAS—Yes.

Mr O'Donoughue—I would be paraphrasing it; I do not have the document in front of me. In essence, I think it was saying that there may be some aspects of drug policy that could be seen to be in conflict with harm minimisation policies.

Senator McLUCAS—That is right. In terms of building on the existing strategy, those sorts of criticisms will have to be accommodated.

Mr O'Donoughue—The government response makes it clear that those particular criticisms are not accepted and it rejects that aspect of the review report.

Senator McLUCAS—I look forward to reading the government response, because I have not read that yet. It is not a public document. Can we go to the retractable needle and syringe budget initiative? I understand it was designed for three target groups: health care workers, people with diabetes, and intravenous drug users. What is the progress of the initiative for those three groups?

Ms Podesta—I might not be able to give the answer in regard to the three groups. I can certainly outline the process that we have undertaken.

Senator McLUCAS—Given that we are a bit short of time and I have laboured things, I will ask: what are we doing for each of those three target groups?

Mr O'Donoughue—The original budget measures that were introduced on this issue did talk about the possible application to the three target groups. The refined measure that was announced in the last budget focuses more clearly on needle and syringe programs, and syringes, in that application. That was partly as a result of a consultation process where stakeholders from both the health care setting and the diabetic community indicated that they did not think they favoured this particular strategy in their situation. The new initiative is more focused towards the needle and syringe program setting.

Senator McLUCAS—For people who use drugs illicitly?

Mr O'Donoughue—Yes. The needle and syringe program is one of the cost effective and fundamental underpinnings of our approach to HIV and hep C, and in that program, in that particular application, it is suggested we should trial the use of retractable needles and syringes.

Senator McLUCAS—For that group alone?

Mr O'Donoughue—To be fair, in some states and territories no distinction is made in terms of access to the needle and syringe exchange program for people with diabetes, for example, because there are insulin syringes used in the program and many states do not discriminate against people with diabetes who would choose to use the needle and syringe program itself. But in the main, you are correct: it is primarily for injecting drug users.

Senator McLUCAS—There was a consultation process, and you have advised that two representative groups suggested they did not want to be part of the target group, but what does the research show about the effectiveness of retractable needles for each of those three groups?

Mr O'Donoughue—I am not aware of very much literature in the area of injecting drug use at all. That is one of the reasons we would like a trial in this country. In the health care setting, most needlestick prevention devices are outside the field of needles and syringes. They tend to fall in other areas of practice, such as cannula sets. In the diabetic community, they have had a long-practised use of two-millilitre syringes and their main concern seems to be in relation to better routes of disposal for their own syringes, so the utility of a retractable syringe or its likelihood to avoid needlestick injuries in the diabetic setting is a bit implausible.

Senator McLUCAS—I have heard that to reconstruct syringes, for people who use drugs illicitly, is pretty easy. Is that your analysis as well? Is that your understanding?

Mr O'Donoughue—It very much depends on the technology involved. Certainly the more recent examples of the technology are less tamper-likely than their predecessors. It would be pointless to introduce a technology into an injecting drug use environment where the people themselves were not going to use the technology, though. If you thought they were going to sabotage them at the outset, you clearly would not try to introduce that particular technology. It would be pointless.

Ms Halton—As Mr O'Donoughue has indicated, the whole point is to have some trials to see firstly what technology has been developed, and that is reasonably well advanced I think, and secondly to look then at use, to look at acceptability to the consumers of those services, to look at disposal, to look therefore at any reduction in risk that might come through disposal or less risk in terms of needles.

Senator McLUCAS—Who do you talk to when you want to get advice about people who use drugs illicitly? I dare say it is the Hepatitis C Council, but you have the diabetes association and the Nurses Union or whatever when you are talking to health care workers but you do not have an organisation that represents people who use drugs illicitly.

Ms Halton—There are organisations, actually.

Mr O'Donoughue—There are peak organisations, but one of the great strengths of the needle and syringe program is that they are a front-line point of access for people who inject drugs, so they are trusted services and they understand the culture of people who inject drugs, and they are a great source of information.

Senator McLUCAS—Are they supportive of having a trial?

Mr O'Donoughue—We have the active cooperation of the needle and syringe programs, and there is a willingness to trial the technology.

Senator McLUCAS—Fair enough. Thank you. Has the money that is allocated to the community organisations that run the treatment, care and support programs around the states and territories been made available to those organisations in this current year?

Mr O'Donoughue—I am guessing a little bit here. Are we talking about the funds through the HIV-AIDS Strategy?

Senator McLUCAS—No, hep C, sorry.

Mr O'Donoughue—Education and prevention funds?

Senator McLUCAS—Treatment, care and support programs.

Mr O'Donoughue—If we are talking about the same program, those funds have been made available. There is offer of funding to states and territories on a one-year basis, simply to give an opportunity for those new advisory structures and the new strategy to be formulated so that future programs for the remaining three years of the budget cycle can be informed by that.

Senator McLUCAS—When was that money made available?

Mr O'Donoughue—Letters of offer went out very recently. I will ask my colleagues to give me that detail and we will get that answered for you.

Ms Podesta—The minister has written to ministers in jurisdictions and sought proposals, and we expect to have proposals in place this year.

Mr O'Donoughue—I am advised those letters to jurisdictions went out in August of this year. We are still expecting their specific proposals in order that contracts can be signed. The letters of offer have been made and they would have given indicative allocations of funds under the program.

Senator McLUCAS—The money is channelled through the states. Is that correct?

Mr O'Donoughue—Yes.

Senator McLUCAS—Do you know if the money is actually in the bank accounts of those organisations?

Mr O'Donoughue—No. We are awaiting their specific program proposals. They have been given an indicative allocation on a resource allocation basis: 'This is what you could expect to gain in your state, subject to you putting forward a satisfactory plan of activity. Once that activity plan is with us, then contracts can be signed.' This is the way that type of program has operated historically. It is a continuation of a previous program.

Senator McLUCAS—I am advised that some of these organisations are under enormous stress maintaining staff, given that we are in November and they still have not got their operational subsidies for this year. Is that your understanding of the situation?

Mr O'Donoughue—No. The states and territories have been advised that the program continues and it is a four-year budget program. It is in the hands of the states and territories to finalise those program arrangements and get the contracts flowing. But I am not aware of any feedback.

Senator McLUCAS—Do the states have the money, or not?

Mr O'Donoughue—No. We are awaiting their specific proposals in order for contracts to be signed and for the money to be issued.

Senator McLUCAS—There seems to be a considerable delay in this area. The amount that is being allocated for these organisations, has that been increased to take account of the CPI?

Mr O'Donoughue—It is $15.9 million over four years. It was announced in the 2003-04 budget, and that is an increase. I do not have the previous four-year amount in front of me.

Ms Podesta—It was $12.4 million previously.

Senator McLUCAS—It was previously $12.4 million and it is now $15.9 million.

Ms Podesta—That is correct.

Senator McLUCAS—Where is the extra money going?

Mr O'Donoughue—A notional or indicative allocation has been offered to the states and territories, based on a previously agreed resource allocation formula. Subject to their specific plans, we will determine where those funds will go.

Ms Podesta—A proportion is available for state and territory activities and a proportion is available for national activities.

Senator McLUCAS—Basically, the operational funding does show a CPI increase?

Ms Podesta—That is correct.

Senator DENMAN—I want to look at the *Road to recovery* report, done by the House standing committee, into drug and substance abuse. I will ask a general question first and then come to some specific questions. Do you know whether there is any plan in place or are any of the recommendations being considered out of that report?

Ms Hefford—The report has 128 recommendations. There is quite a mix. Some of them reflect things which are already, in fact, being implemented; others reflect a new direction. They also cover a range of portfolios, so that some of the issues relate to Attorney-General's, department of transport, and other organisations. My understanding is that the government will seek to provide a response to the report over the next couple of months, but that it will be some time in putting it together because of the coordination across quite a number of different agencies.

Senator DENMAN—You may not be able to answer these questions, if the government is putting a response together. Do you know if there is going to be any increase in treatments from 45 per cent to 80 per cent of the total number of people dependent on heroin?

Ms Halton—Obviously, we cannot anticipate what the government response to the report might be. As Ms Hefford has indicated, there is an expectation there will be a whole of government response. That is all we are aware of at this point, and certainly there have been no decisions taken that I am aware of.

Senator DENMAN—So you cannot answer whether there is going to be any increase in the treatment resources—none of those?

Ms Halton—No. There are no decisions as yet, that I am aware of, in relation to the report.

Senator DENMAN—They might have to go on notice for your responses. What about pharmacotherapy? What proportion of Commonwealth, state and territory funding for drug treatment and rehab is available for treatment services to provide comprehensive support to the opiate dependent people who are receiving pharmacotherapy?

Ms Hefford—It is not possible for me to answer a question of that type. We fund treatment services across all states and territories and we fund a wide range of treatment services. Some of them provide assessment services, others provide counselling; some provide residential rehabilitation. The range of treatments provided is quite complex and varied and we do not collect data on individual treatment types. When it comes to specific pharmacotherapy treatments, such as methadone programs and buprenorphine programs, these are administered by state and territory governments, who take responsibility for registering general practitioners and pharmacists who are willing to dispense either methadone or buprenorphine. The arrangements vary slightly from one state to another. There are usually small co-payments that patients are required to make and there are varying dispensing arrangements. They depend on specific state and territory health guidelines.

Senator DENMAN—I do not expect this now, so if you could take it on notice: can you give me a breakdown of the state and territory responsibilities and also Commonwealth, and where they vary?

Ms Hefford—Can we just clarify: it is a breakdown in terms of which are state and territory government responsibilities in relation to pharmacotherapy treatment for opiate dependent people?

Senator DENMAN—That is right.

Ms Hefford—I will take that on notice.

Senator DENMAN—You did mention that some of that varies from state to state.

Ms Hefford—There are variations in the procedures for registering practitioners and there are variations in the charges that are levied on patients. I can provide that information on a state by state basis.

Senator DENMAN—Do you have an amount of money in dollar terms for the years 2003 and 2004?

Ms Hefford—For treatment services?

Senator DENMAN—For pharmacotherapy treatment.

Ms Hefford—We do not break down the proportion of funding spent on various treatment types. We have funding provided through the NGO Treatment Grants Program and we are going through a second stage of funding for those now and assessing new applications. We also provide funding through state and territory governments under the diversion agreements for treatment services, but we do not break down any of those approved providers and their treatment services by treatment type. Some services in fact will offer a range of treatment types, depending on how the client presents. A client might present needing one type of help but might then move onto another.

Senator DENMAN—Therefore, the period of funding available for each recipient could vary?

Ms Hefford—Absolutely. Somebody's time on any one form of treatment could vary considerably in comparison with another patient and would depend on a whole range of reasons.

Senator DENMAN—Is there a limit on how much treatment they can receive?

Ms Hefford—There is no limit. I think I can see where I might be able to help you. If you are looking at how long people, for example, are on methadone type programs—

Senator DENMAN—That is right—those sorts of programs.

Ms Hefford—The average time that a patient in Australia spends on a methadone program at the moment is approximately seven months. Some people who come into a program not fully committed, because there are unresolved issues about their drug taking, will drop out of a program quite early; other people will stay on it for a longer period of time.

Senator DENMAN—There is no limit on the period of time that they stay on it?

Ms Hefford—There is no limit.

Senator DENMAN—Is funding available for further research and trials of new medications and techniques?

Ms Hefford—We have funding for research which we provide to particular research centres who undertake tasks of that type for us. We also have a small amount of discretionary funding and we are continually looking at new treatment types and research of that kind.

Senator DENMAN—Is funding available for research into pharmacotherapy for opiate dependants? Is there separate funding for that?

Ms Hefford—One of the research centres that works particularly in this area, NDARC—the National Drug and Alcohol Research Centre, which is located at the University of New South Wales—has developed some special skills in this area and have ongoing projects for us at the moment.

Senator DENMAN—Does the allocation of funding within the available programs give priority to treatments, including naltrexone, that focus on abstinence as the ultimate outcome?

Ms Hefford—Naltrexone comes in a number of forms. At some point I am going to have to ask somebody with more medical expertise to assist me in this. There is a naltrexone tablet. It is currently a registered product and is available. There have been clinical trials and there has been some success, although it is minimal, using naltrexone tablets for treating opiate dependence in Australia. Some of the issues in the *Road to recovery* report were about naltrexone implants. There is no registered product in Australia and there have been no clinical trials on naltrexone implants in Australia.

Senator DENMAN—If there were trials and we were using it in Australia, you could not tell me how long the implant would last?

Ms Hefford—No. That research has not been conducted. There is nothing available that would make it possible for us to—

Senator DENMAN—Are we looking at that in Australia?

Ms Hefford—There is an expert committee, appointed by the former minister for health which is looking at the possibility of the conduct of clinical trials on naltrexone implants. They have some way to go in terms of their deliberations.

Senator DENMAN—Is there funding available, if it is going to be trialled in Australia, to make sure that it is a valid trial?

Ms Hefford—Clinical trials of pharmaceutical drug products are managed by the TGA. There is a very specific process that requires a manufacturer to come forward and seek to register the product for trial purposes. There is quite a series of procedures that would need to be gone through. It would depend on the circumstances whether that were to happen. It is a bit too much crystal ball at this stage.

Senator DENMAN—Has the Australian National Council on Drugs done any work, or does it plan to do any work, to determine the best practice models of residential rehabilitation?

Ms Hefford—The ANCD operates as a separate body. They provide policy advice to government but they are not a part of the department. They run their own program of research and their own projects.

Senator DENMAN—Is it possible for me to get from them the sort of information I am looking for?

Ms Hefford—I would be willing to seek advice from them if you would like me to do so.

Senator DENMAN—Yes, please.

Ms Hefford—I will take that on notice.

Senator DENMAN—Is there any provision within current funding programs, or the forward estimates for Commonwealth funding, to establish those models in rural and urban areas? I know, from my own experience in rural areas in Tasmania, there is a need to look at some of the rehab programs for people in isolated areas. That is again relating to the Australian National Council on Drugs.

Ms Hefford—Again I would have to ask the ANCD but I would be willing to do that.

Senator DENMAN—Could I give you these questions on notice that I want answered by the ANCD?

Ms Hefford—Yes, certainly.

Senator DENMAN—Thank you.

Senator McLUCAS—I have a question that goes to broadly the whole division. Have there been any recent changes in the way that funds have been allocated to different programs within the Population Health Division in a management sense?

Mr O'Donoughue—No.

Senator McLUCAS—How are funds allocated within the programs in the division?

Mr O'Donoughue—A significant amount of the funds within the division are contracted and are in a sense locked in under obligations. Could you be alluding to the priority setting mechanism that was one of the measures announced in the last budget, which was a process to take an evidence based approach to deciding relative priorities in investment in the population health programs.

Senator McLUCAS—Is there a competitive nature internally to bid for those moneys?

Mr O'Donoughue—No. The intention of that mechanism was to introduce some rigorous criteria for assessing one intervention against another and looking at the effectiveness of the whole program. The division has been embarking on a considerable amount of work in terms of cost effectiveness of population health programs. We published a *Return on investment* report recently, which published some data in that area.

Ms Halton—Can you be more specific?

Senator McLUCAS—That actually fits with something I want to talk about later in terms of vaccinations, but this goes to the direct funding of programs within the division of population health. That is about as much as I know too.

Ms Halton—We are at a bit of a loss.

Senator McLUCAS—You provided an answer. That is okay. I will come back to the process that Mr O'Donoughue was describing a little later. Without being sensationalist—and

I do not want to be sensationalist in these questions—I understand there has been an analysis of preparedness of hospitals in Australia to deal with biological, chemical or nuclear terrorist attacks and that we did not do particularly well. Four out of 10 Australian hospitals were not prepared for such an attack. What is the department doing to ensure that there is preparedness across our hospital network?

Mr O'Donoughue—I am not aware of the specific report that you allude to. To some extent it flies in the face of our recent experience. Australia has had a long history of emergency preparedness, mainly around fire and flood. In response to tragedies like the Bali bombing, I would have thought the hospital system in Australia coped remarkably well with a very stressful event. Nonetheless, we live in challenging times and it is appropriate to look at our preparedness for coping with emergencies. Health ministers have recently, through AHMAC, established a group called the Australian Health Disaster Management Policy Committee, which has been charged with looking at our preparedness in the health system to respond to disasters and to undertake an audit of capability. That task is under way as we speak.

Ms Halton—It is probably worth emphasising what Mr O'Donoughue has said. One of the things that has followed on from a series of international incidents plus what happened here with white powder is we now have the Australian Health Disaster Management Policy Committee, which was basically established at our instigation. We now have in the department very direct links into work that is done across government in relation to counter-terrorism. As Mr O'Donoughue has alluded to, we are now much more involved in looking at the whole question of protection of critical infrastructure; the assurance that we can deal with a variety of circumstances, be it burns or chemical or biological. In previous estimates we talked a bit about the stockpile.

Whilst I am not aware of the particular figure to which you refer, I have to say that we are very actively working with our state colleagues and also with our central agency colleagues to make sure that our response capacity is well documented and, in the event that we find an area we are concerned about, that we actually do something to augment it. It is fair to say that this particular committee has not been in operation for terribly long. Inside the department we established a biosecurity area in January last year. You are probably aware that one of the first things I did in the department was establish an incident room. I regret to say we had to use it rather quickly after we had established it, but at least we had one. I think everyone is going through a process of reviewing what they have done and making sure that we are in a position—so could we possibly do better? I have no doubt we could. But are we actively taking steps to manage this issue? I can assure you we are.

Senator McLUCAS—It is a report from 14 September 2003 which talks about preparedness for the Rugby World Cup.

Ms Halton—Is it a New South Wales report?

Senator McLUCAS—It is from *Australian Medicine*.

Ms Halton—We might like a copy of that.

Senator McLUCAS—I will provide it on notice. I will go to the questions around the vaccination. In May this year the previous chief medical officer told the media that he

expected Australia to vaccinate several hundred health care workers against smallpox. Has that happened?

Mr O'Donoughue—As part of our preparedness in the context of bioterrorism, we have announced that we would access some supplies of vaccine as part of the medicines stockpile. There are no immediate plans to vaccinate first response health care workers. Rather, the stage of preparedness that we have been discussing with our expert advisory committees and our jurisdictional committees is that we might identify potential first responders, particularly health care workers who have had a vaccination history with smallpox and therefore would likely not have any adverse reaction, should they be called upon to be vaccinated in some case of extremis.

So we would be prepared for first responder teams to be vaccinated should that step be required, but like many other countries we are being a little bit cautious about proceeding to vaccinate anybody in an environment of medium risk, we think, for an organism like smallpox to be used as a bioterrorism agent and yet, at the same time, take prudent precautions and take prudent steps.

Senator McLUCAS—When someone is vaccinated, how long does it take for them to be immune?

Prof. Mathews—The vaccine can be given and, provided it is given within four days of exposure, it gives virtually complete protection. The normal incubation period of smallpox is up to two weeks. That is basically the operating characteristic.

Senator McLUCAS—Thank you. In that same article, which was from May of this year, there was a discussion about a very old, 20-year-old smallpox vaccine. I will say again that I do not want to be sensationalist about this, but is a 20-year-old vaccine appropriate to use? Is it efficacious? Would it give you more side effects or is it just as good as a vaccine that was produced yesterday?

Prof. Mathews—As you would be aware, because of the global eradication of smallpox, many countries in the world, including Australia, disposed of the holdings of vaccine they had. Some countries, such as the USA and France, kept their own supplies. It is true that old vaccine has been used in countries that have vaccinated either defence staff or small numbers of health workers in the last couple of years and it has proved to be efficacious and the side effects have been in accordance with what was reported in the days when smallpox vaccine was used more widely—that is, up until about 1970. There is no reason to suppose that the vaccine that Australia has acquired would have an untoward set of side effects. But, as has already been mentioned, it is prudent to not use it until you actually need to.

Senator McLUCAS—Are you aware of the potential for the development of heart conditions as a result of vaccination with smallpox, Professor Mathews?

Prof. Mathews—Yes. That is the one side effect that has been given more publicity in the recent experience of smallpox vaccine use. It has helped to explain, for example, why when the initial approach to vaccinating health care workers in the USA was mooted, the uptake of the vaccine was not as high as the health authorities had hoped. It helps to explain why people have pulled back from proactive vaccination in most countries around the world. However, having said that, it is not completely clear the extent to which that apparently new side effect

of smallpox vaccination, of coronary heart involvement, is due to closer surveillance in a time when we are much more aware of side effects compared to 30 years ago. There is still a little uncertainty about whether it is a really new side effect, or just that we are looking harder and finding things more.

Senator McLUCAS—In the work that you are doing to identify those health care workers—I think you called them frontline earlier—who they are and their ability to be able to be vaccinated, what process of informed consent do you go through? Have you developed a process of informed consent so that potential recipients of the vaccine will know exactly what they are in for?

Mr O'Donoughue—First of all, can I put the question in a framework in which the people you are talking about are almost certainly health personnel who would already be involved in other emergency preparedness planning and, in a sense, this is part of those contingencies as well. The plans that our expert advisory groups, in consultation with the jurisdictions, are trying to frame, take those existing plans into consideration. Clearly, any therapeutic agent given to an individual has to be done with informed consent and that would need to be documented as part of any vaccination process that did proceed, but I would remind you that, at this stage, there are no immediate plans for any vaccination of health care workers in Australia.

Senator McLUCAS—But you would need to develop up the protocols so that the information provided—

Mr O'Donoughue—As part of that expert process, there are very detailed plans being prepared generally for response to smallpox but also to the particular steps and all the documentation that you would be required to have on hand should that be required.

Senator McLUCAS—You have identified that there will be a group of frontline health care workers identified. How many people are we talking about who would need to be vaccinated if such a dreadful event were to occur?

Mr O'Donoughue—I could not be more specific than to say it would be a small order of people, some hundred individuals, rather than anything like thousands of individuals, and that gives you an idea. We are really talking about the people who could immediately respond to be the vaccinators of others in, essentially, a ring-fence vaccination sort of scenario. So it is not a mass vaccination program on any scale and, as I have said, they are most likely to be health care workers who we can identify as being involved already in emergency management and also having a vaccination history somewhere because they were health care workers or because they travel.

Senator McLUCAS—Thank you.

Prof. Mathews—Senator McLucas, if you would like to see the draft consent form, we could provide you with that.

Senator McLUCAS—That would be useful, thank you. I want to ask some questions now about the Pharmaceutical Benefits Advisory Committee and the process of approval.

CHAIR—Is that under this outcome?

Mr O'Donoughue—I think that would have been outcome 2, wouldn't it?

Senator DENMAN—I have some on tobacco, and it relates to the joint house standing committee's report, so I will have to put them on notice because I assume the response is not ready yet.

CHAIR—That sounds fine.

Senator DENMAN—And I also have some questions that have not been answered from last time, so I'll just resubmit those.

Ms Halton—You did not have any outstanding questions.

Senator DENMAN—Pardon?

Ms Halton—We did not have any outstanding questions—admittedly, as Senator McLucas and I acknowledge, by the skin of our teeth.

Senator DENMAN—They may have come in today but I have not seen them. I will have a look.

CHAIR—Given that we have agreement to close down at 11 p.m., are there any further questions that cannot go on notice?

Ms Halton—Senator McLucas, are you happy to put those PBSC things on notice, because the officers are not here and, whilst I can help you probably in the generality, if it goes to specifics—

Senator McLUCAS—They go to process.

Ms Halton—Do you mind putting them on notice? I am sorry. That was program 2.

Senator McLUCAS—The point that Mr O'Donoughue was talking about before—I forget the name of the program, Mr O'Donoughue—where all population health initiatives will be evaluated: can you explain that process that you were referring to earlier?

Mr O'Donoughue—There was a budget measure in the last budget called the priority setting mechanism which commits to evolving an evidence based method for evaluating public health program elements. It is in an embryonic state, although it builds on the work that I was referring to, the cost-effectiveness studies that we have done in some elements of the program, and have published, and it is being developed by an interdepartmental committee process. That IDC has only met twice but the intention is that the process of evaluating according to a set of agreed criteria, various elements of the population health program, will add some rigour to the budget process and also help us to communicate with stakeholders in terms of relative priorities across the whole program.

Senator McLUCAS—And is it proposed that vaccinations would become part of that general analysis of population health effectiveness?

Mr O'Donoughue—The vaccination program already is subjected to cost-effective analysis and I guess what we would be saying is—

Senator McLUCAS—But within vaccination—

Mr O'Donoughue—We would be saying that the same sort of consistent criteria ideally should be applied across many elements of the national public health program, including vaccines, but they would not necessarily go through exactly the same process.

Senator McLUCAS—But would you have a situation where a vaccine was compared with another strategy in terms of its effectiveness or are we going to continue to evaluate vaccines through the ATAGI process and then the listing on the—

Mr O'Donoughue—Senator, all we are saying is that to some extent we would use a consistent methodology. The cost-effective analyses that we have been doing in the program lend themselves to being deployed against a number of different program elements, and it is really the methodology being consistent that we are talking about.

Senator McLUCAS—Are there any discussions around the disbanding of ATAGI and replacing that with a broader evaluation process?

Mr O'Donoughue—Not that I am aware.

Senator McLUCAS—Vaccines are in 2 as well, are they? Do they sit in 2 or 1?

Mr O'Donoughue—The national immunisation program is within outcome 1.

Senator McLUCAS—We have had a situation recently where we have had a number of vaccines that have been approved on the schedule but not funded. How many of them are there, Mr O'Donoughue?

Mr O'Donoughue—Sorry, Senator?

Senator McLUCAS—How many vaccines have been approved under the schedule in the draft handbook and have not been funded?

Mr O'Donoughue—Perhaps if I could give you the answer this way, if I tell you what the government's actions have been in terms of implementing programs in response to the ATAGI recommendations and then give you the deficit in terms of what the balance of unfunded things is: the meningococcal C vaccination program which was announced in August of 2002 and will cost $298 million over four years was the highest priority ATAGI recommendation which was dealt with and incorporated in the schedule in January of this year. Subsequently a recommendation to replace the diphtheria-tetanus vaccine with a similar vaccine that also protects again whooping cough has been implemented. The existing targeted pneumococcal program has been expanded to protect more children who have particular medical risks for pneumococcal disease. That expanded program will now cost $21.2 million over four years and will provide vaccine for 91,000 children. The previous polysaccharide pneumococcal vaccine available to Australians aged 65 years and over, and those in risk groups, plus the program for Indigenous Australians, remains.

That leaves, in essence, unfunded from the ATAGI recommendations their recommendation for universal childhood pneumococcal conjugate vaccine, universal varicella vaccine and replacement of the oral polio vaccine with inactivated polio vaccine. Those outstanding recommendations are still under consideration for funding by government.

Senator McLUCAS—So they are still under consideration for funding. What would the cost of those three programs be?

Mr O'Donoughue—Obviously, the way you calculate these things depends on a whole set of variables, but with those assumptions built in, pneumococcal polysaccharide vaccination for all people of 65 years and older is calculated at $39.7 million in its first year.

Senator McLUCAS—Sorry, Mr O'Donoughue, I am talking about the unfunded ones.

Mr O'Donoughue—Yes. In fact the totality of pneumococcal for people over 65 years old has not been funded.

Senator McLUCAS—Over 65?

Mr O'Donoughue—Yes, that is correct. We would still have the existing program which funds people over 65 with medical risks, but not all people over 65 years of age, as ATAGI has recommended.

Senator McLUCAS—Okay. How much was that, I am sorry?

Mr O'Donoughue—It was $39.7 million in year one.

Senator McLUCAS—And varicella?

Mr O'Donoughue—And then $4.3 million thereafter. Replacement of oral polio vaccine with IPV—inactivated polio vaccine—is $15.8 million in our estimate in year one and $0.3 million ongoing. Introduction of varicella vaccination for all children at 18 months and at 10 to 13 years to children with no previous history is $5.9 million in year one and $11.7 million ongoing. The 18-month DT booster has been funded, so we can ignore that. The meningo one has been funded. That is it, I believe. I beg your pardon, my colleague points out that the universal childhood pneumococcal conjugate vaccine would be $27.4 million in year one and $58.5 million ongoing, plus $41.6 million in year 1 and $42.4 million in year 2, if a catch-up program was undertaken.

Senator McLUCAS—Catch up to pick up what cohort?

Mr O'Donoughue—In other words, rather than just introduce the vaccine at the cohort ages of two, four and six months, to go back to cohorts of children who had not been vaccinated and would have been missed otherwise and to vaccinate them prospectively.

Senator McLUCAS—Right. In terms of total coverage, there is a proper medical term that describes community coverage—herd immunity. What are the dangers of having two tiers or two types of immunisation regimes in terms of herd immunity?

Prof. Horvath—That is not an area of my immediate expertise, I am afraid.

Prof. Mathews—Could you make the question more precise? Are you referring to—

Senator McLUCAS—Let us look at pneumococcal. If you have a situation where part of the population is being vaccinated and part is not being vaccinated, in my very limited understanding in order to get eradication or get a sense of protection for all of the community, you actually require quite a large number of the community to be immune.

Prof. Mathews—That is true. However, in the current situation, as you would be aware, aligned with current government policy, the funding is available for Aboriginal Indigenous children at high risk; for other children with medical conditions or congenital conditions that place them at high risk and that distribution will cover those people. Because, in particular, some of those at risk groups are the groups that transmit and retain the pneumococcus more, you are getting not only better protection for them as individuals, but because you are preventing the transmission of the vaccine sera types from them to other people, you are getting a value out of that particular bit of herd immunity. You are quite right, you have not

protected the whole community, but in a situation where the cost effectiveness has to be taken into account, as it has right around the world, there is no consensus around the world for universal childhood pneumococcal vaccination, you get—

Senator McLUCAS—Sorry, there is no consensus?

Prof. Mathews—There is no consensus about public funding for universal childhood vaccination around the world. When you look at the cost-effective analysis, they identify the cost of the vaccine as the significant factor in that. It is quite an expensive vaccine, the conjugate one. Therefore the current policy is achieving the best one can in the current funding situation. You have benefited from the herd immunity as well as protecting those particular individual children at greatest risk.

Senator McLUCAS—What reports have been done nationally—or probably better, internationally? Not that our reports are not good; I am sure they are. How did we decide which cohorts were the best ones to invest it, to get the level of herd immunity that we can afford?

Prof. Mathews—In the immunisation handbook ATAGI identified the at-risk groups, the groups that would benefit most from the vaccine. Although, as you understand, ATAGI would have preferred government to be able to immediately fund all children, have the vaccine for all children.

Prof. Horvath—I can expand a bit on that. The recommendations that were implemented came out of a reasonably large body of evidence from ATAGI that this was a well-identified, high-risk group—the Indigenous children and the children with quite a long list of medical illnesses—and this was the group that, as Professor Mathews said, would benefit not only the most as an at-risk group from invasive pneumococcal disease, but would also reduce to an extent the herd immunity and, at the other end, the over 65s with medical conditions.

Senator McLUCAS—Is there a consensus on universal childhood vaccination for meningococcal C?

Prof. Horvath—Yes, because meningococcal C is a much more dangerous—although the numbers are smaller in incidence—condition. Some of the pneumococcal is just bacteremia, where you have bugs in the blood without often horrible end results. With pneumococcal the end results are often very nasty, not in terms of death but loss of skin, loss of limbs. The morbidity and the mortality of the disease is pretty evil.

Senator McLUCAS—With meningococcal?

Prof. Horvath—With meningococcal. Meningococcus is a much more feared and a much nastier disease.

Senator McLUCAS—Because of the nature of it.

Prof. Horvath—Because of the nature of it. Really if you could put it on a grade of invasiveness, it is a really nasty invasive disease.

Senator McLUCAS—Thank you. I have some other questions about ATAGI and the process but I might put them on notice and I also have some about oral polio and IPV. There were a series of questions about staffing numbers. Unless there is something, Mr Law, that

you can help me with—you have sent me a number of letters explaining the different staffing levels. I am happy to put that on notice unless there is a reason why there were different figures that I should be aware of.

Mr Law—No, there is the information we provided in answer to the previous question. There has been no change to those figures.

Senator McLUCAS—We will request an update on notice, as we do every time now. I have a question on laptop computers. How many laptops does the department have?

Mr Law—In the 2002-03 financial year, the records for the Department of Health and Ageing show there were 581.

Senator McLUCAS—Are they allocated to individual staff or are they held in a pool?

Mr Law—They tend to be allocated to individuals.

Senator McLUCAS—Tend to be or are?

Mr Law—The majority of them are allocated to individuals. There is a small number that are held in business units, which tend to be pooled use. In my business unit there are three machines that are available for general pool use, but I would probably have another 30 or 40 allocated to individuals.

Senator McLUCAS—Do you have to be at a certain staff level to be allocated a laptop, or is it allocated according to need?

Mr Law—The allocation is according to need for mobile computers.

Senator McLUCAS—How many have been reported stolen or lost over the last year?

Mr Law—In the 2002-03 financial year there was one lost and nine stolen in the department.

Senator McLUCAS—What was the value of those 10 laptops?

Mr Law—The answer to that is quite difficult because we lease the computers from our outsource provider. They are not owned by the department. It would be for our outsource provider to answer that, but on average a laptop computer would have a value of $2,000 to $4,000, depending on the functionality.

Senator McLUCAS—When they get lost or stolen, what happens in terms of the leasing arrangement with your provider?

Mr Law—Our outsource provider has insurance arrangements and there is the question of whether it is reclaimed through insurance. There is a claim made and it is up to their insurance company as to whether they recoup it through that process.

Senator McLUCAS—Were the laptops stolen when they were not in departmental buildings, accommodation?

Mr Law—They tend to be stolen either from vehicles or in robberies of homes where our officers might have them.

Senator McLUCAS—Are you aware of any of these laptops being lent to people who are not employees of the department?

Mr Law—Not to my knowledge. In answer to that question, we do engage contractors to work within the department. If you have a very strict definition of staff. At times our contract staff—in IT or whatever—may have use of the laptops. They certainly have use of departmental facilities, and they may have use of mobile computing as well.

Senator McLUCAS—No, I am asking about potentially people who are not related to the department at all.

Mr Law—No.

Senator McLUCAS—What other major losses or thefts have occurred in the department over the last year—for example, Palm Pilots? Does the department have Palm Pilots?

Mr Law—I have some information on that over the last couple of years. In 2001-02, we lost one Palm Pilot and five laptop computers; in 2002-03, there was one laptop that was lost and nine stolen, as I mentioned earlier.

Senator McLUCAS—Is there any other computer type machinery that has been lost or gone astray?

Ms Halton—Are you talking about servers?

Senator McLUCAS—They are not portable.

Mr Law—In those two financial years we also lost one desktop computer in the core department.

Senator McLUCAS—I missed the last phrase.

Mr Law—The core department.

Senator McLUCAS—From the department.

Mr Law—There are also portfolio agencies, such as HIC et cetera.

Senator McLUCAS—Have any other major items of material gone missing?

Ms Halton—Not that we are aware of.

Mr Law—No, not that we are aware of.

Senator McLUCAS—Have there been any break-ins in the department over the last couple of years? I know you manage a range of premises.

Mr Law—Not to my knowledge. Nothing has been brought to my attention.

Mr Sheehan—I think there was a break-in at 1 Oxford Street before Christmas—in Sydney—where there was about $1,000 in cash stolen.

Ms Halton—Now that my memory has been prompted, I am aware of one. We have some outposted officers who are in Pitt Street, and there was a theft of some money—personal possessions from a staff member. We do not know who the perpetrator was. It is an outposted unit.

Senator McLUCAS—That is separate to the Oxford Street event?

Ms Halton—Yes, it is. They are part of the New South Wales office, but because of accommodation pressures we have a very small group of people who are located outside the main premises.

Senator McLUCAS—Maybe you will want to take this on notice, to think back over time. In neither of those cases was anything other than personal property of staff members stolen.

Ms Halton—I visited that particular outposted office not long after the incident. I was informed at the time that what had been stolen was staff cash. If that advice to you is incorrect—we will check—we will come back on notice, but if you do not hear from us, it is because the advice is correct.

Senator McLUCAS—Are all thefts reported to the police—the nine stolen computers and the one Palm Pilot?

Mr Law—The stolen ones, from my information, were reported to the police.

Ms Halton—I think there may have been one exception.

Mr Law—Yes, there might have been one exception, but the lost ones, I understand, were not.

Mr Sheehan—The lost cash was reported to the police.

Ms Halton—Yes, it was.

Senator McLUCAS—Ms Halton, you said one exception. Why would there have been an exception and not reporting something to police?

Ms Halton—We would have to take advice from the officers concerned in that particular case. I do not know that we are aware of that.

Senator McLUCAS—I do not want to necessarily identify the individual, but as a policy position I would like to know why the police were not told when something was stolen.

Ms Halton—Our view would be that those things should be reported. I cannot give you the particular circumstances, but we will find out.

Mr Law—All instances of stolen computers were reported to the police, from my information.

Senator McLUCAS—Thank you. How do you ensure that security breaches do not occur when a computer or a laptop—or a Palm Pilot, for that matter—is stolen?

Mr Law—Security breaches?

Senator McLUCAS—Information that is held on the drive of the computer.

Mr Law—In relation to the stolen computers, in all instances, except one, the information that was on those computer disks was of unclassified status. There was one case where classified information was on that computer and that was encrypted. Our current standards for PCs, our new laptops, is encryption of the hard disk. If you want a more technical answer possibly I can provide that.

Senator McLUCAS—You can provide the answer but I do not know if I will understand it. Can you explain to me what it means in terms of security of the information held on that computer, without going into too deep technical detail?

Senator Ian Campbell—It is simply to say that an unauthorised user would not be able to access any useful information.

Ms Seittenranta—That is right. The information is basically scrambled and unless you have the password to unscramble it, it is unreadable.

Senator McLUCAS—How many people hold that password?

Ms Seittenranta—It is the individual's password.

Senator McLUCAS—And has to be accessed by that individual?

Ms Seittenranta—Yes.

Senator HARRADINE—How much does the department spend on accommodation expenses as part of staff travel every year?

Mr Sheehan—The travel allowance component for accommodation is some $2 million.

Senator HARRADINE—I understand the department recently issued a request for tender for a provider of accommodation for staff travel. Is that true?

Mr Sheehan—No. The department issued a request for tender for an accommodation reservation provider.

Senator HARRADINE—For an accommodation—?

Mr Sheehan—Reservation provider.

Senator HARRADINE—What do you mean by that?

Ms Halton—A travel agent.

Mr Sheehan—A travel agent, or an accommodation booking agent, as opposed to a provider of hotel accommodation.

Ms Halton—Someone to organise accommodation.

Senator HARRADINE—Yes, but that organisation can then enter into agreements with, say, a chain of motels?

Mr Sheehan—The proposed contract with the reservation provider will be able to book with any commercially available accommodation across the country.

Senator HARRADINE—At the request of the individual staff member?

Mr Sheehan—Yes.

Senator HARRADINE—So the individual staff member will not be denied the opportunity, for example, to stay in small bed and breakfast—

Mr Sheehan—Certainly not.

Senator HARRADINE—Thank you.

Senator McLUCAS—If HIC online and/or the swipe card technology is rolled out, undoubtedly there will be some cost savings.

Ms Halton—Sorry, in which regard?

Senator McLUCAS—This is probably outcome 2.

Ms Halton—Online or swipe card technology in respect of?

Senator McLUCAS—In respect of the A Fairer Medicare package.

Ms Halton—Sorry, right.

Senator McLUCAS—There will be cost savings, particularly in terms of Medicare offices.

Ms Halton—No, I think it is important to understand that in terms of the Health Insurance Commission's modernisation plans, there has already been factored in over a number of years an approach that would see HIC online as being one of the elements of delivering services. The staffing plans in respect of Medicare offices, which are already published, reflect their expectation about changing volumes in services that will come in across counters versus what will happen electronically.

Senator McLUCAS—So there would be no projected loss of positions.

Ms Halton—In addition to what is already in the public arena we have not factored in Health Insurance Commission savings. What I am saying to you is there is a plan in respect of the Health Insurance Commission which goes to modernisation and changing technologies and that plan has been both made public and discussed, as I understand it, with the staff directly and with the unions over a period of some time, certainly preceding the current managing director. That always factored in an approach to HIC online. The thing that changed with A Fairer Medicare was the notion of swiping actually in the surgery in respect of co-pays. It did not change the expectation we had of the Health Insurance Commission about penetration of the technology. We did not factor in any extra savings.

Senator McLUCAS—You did not factor in?

Ms Halton—Did not factor in any change to the Health Insurance Commission consequent on A Fairer Medicare.

Senator McLUCAS—I know you did not factor it in but do you expect that there will be any changes?

Ms Halton—No, but I can assure you the department of finance would have been factoring it in if they thought it was there.

Senator McLUCAS—Do you imagine that there will be any closure of Medicare offices?

Ms Halton—In fact, the managing director of the Health Insurance Commission was only telling me last week that they have constant processes of offices opening and closing and moving, but do I expect to see a significant change and particularly a significant reduction in the number of offices as a consequence of this: no.

Senator Ian Campbell—I think the history of online service delivery across government and the private sector is that you find a good online strategy is usually melded with a strategy of having good facilities on the ground as well. It is what they call clicks and bricks. That is

how it works. If you speak to someone like John McFarlane from the ANZ Bank, he actually is in the process of opening more branches to complement his online strategy. I think there was a perception back in the late nineties, when things were moving online, that all of a sudden everything would close down and everyone would sit at home doing everything online. The opposite happened: the successful strategies in government online and private sector online have been where you have combined physical service delivery to complement that online.

Senator McLUCAS—But potentially changed tasks for the employees and job descriptions will change potentially.

Ms Halton—Potentially less processing. That is a fair observation. Potentially more information provision to customers.

Senator Ian Campbell—Better quality service and more time with each patient, really.

Senator McLUCAS—I think that was a paid advertisement.

Senator Ian Campbell—No, I spent three years designing government's online policies and in this area of health, where the Australian government is leading most governments in the world, the opportunities are huge to deliver better patient care and that is the outcome we are working for.

CHAIR—I thank the Minister. I thank the officers of the Department of Health and Ageing for their attendance and their response today to questions. Thank you very much.

Senator McLUCAS—Could I add the Opposition's thanks also, to the department and agency staff for cooperation and assistance.

CHAIR—I formally adjourn these proceedings.

Committee adjourned at 11.16 p.m.