COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

(Additional Estimates)

WEDNESDAY, 18 FEBRUARY 2004

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Wednesday, 18 February 2004

Members: Senator Knowles *(Chair)*, Senator Greig *(Deputy Chair)*, Senators Barnett, Denman, Forshaw and Humphries

Senators in attendance: Senators Allison, Barnett, Boswell, Jacinta Collins, Crossin, Denman, Forshaw, Humphries, Knowles, McLucas, O'Brien, Stephens and Wong

Committee met at 9.05 a.m.

HEALTH AND AGEING PORTFOLIO

In Attendance

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

Executive

Ms Jane Halton, Secretary
Mr Philip Davies, Deputy Secretary
Ms Mary Murnane, Deputy Secretary
Prof 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
Ms Shirley Browne, Director, Parliamentary and CSSS Section

Audit and Fraud Control

Mr Phillip Jones, Assistant Secretary, Audit and Fraud Control

Information and Communications Division

Dr Robert Wooding, First Assistant Secretary
Ms Gail Finlay, Assistant Secretary, Communications Branch

Outcome 1—Population Health and Safety

Population Health Division

Mr Andrew Stuart, First Assistant Secretary, Population Health Division
Prof John Mathews, Medical and Scientific Director & Deputy Chief Medical Officer
Dr Tom Ioannou, 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 and 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 Larry Kelly, A/g Director, TGA Laboratories
Mr Pio Cesarin, Director, Non-Prescription Medicines Branch
Ms Rita Maclachlan, Director, Office of Devices, Blood and Tissues
Dr Fiona Cumming, Principal Scientific Adviser, Trans Tasman and Business Management
Dr David Briggs, A/g 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, Trans Tasman and Business Management
Mr Tony Gould, GMP Auditor, Office of Devices, Blood and Tissues
Mr Albert Farrugia, Manager, Blood and Tissues Unit, Office of Devices, Blood and Tissues
Mr Stephen Howells, Section Head, Surveillance Section, Trans Tasman and Business Management Group

Portfolio Strategies Division
See Whole of Portfolio

Primary Care Division
Mr David Learmonth, First Assistant Secretary
Ms Rosemary Huxtable, Assistant Secretary, Medicare Implementation Team
Ms Leonie Smith, Assistant Secretary, General Practice Access Branch
Mr Richard Eccles, Assistant Secretary, Primary Care Quality and Prevention Branch
Ms Lisa McGlynn, A/g Assistant Secretary, Policy and Evaluation Branch

Australian Radiation Protection and Nuclear Safety Agency
Dr John Loy, Chief Executive Officer

Food Standards Australia New Zealand
Mr Graham Peachey, Chief Executive Officer
Dr 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

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 Raino Perring, A/g Assistant Secretary, Medicare Benefits Branch
Mr Allan Rennie, Assistant Secretary, Pharmaceutical Access and Quality Branch
Mr Chris Sheedy, Assistant Secretary, Diagnostics and Technology Branch
Mr John Searl, Assistant Secretary, Office of Hearing Services
Ms Judy Blazow, First Assistant Secretary

Acute Care Division

Dr Louise Morauta, First Assistant Secretary, Acute Care Division
Mr Charles Maskell-Knight, Principal Adviser. Medical Indemnity Policy Review Secretariat
Mr Jerry Hearn, A/g Assistant Secretary, Private Health Insurance Branch
Ms Nola Witchard, A/g Assistant Secretary, Acute Care Development Branch
Dr Bernie Towler, Divisional Medical Adviser
Ms Alex Rankin, Assistant Secretary, Acute Care Strategies
Mr Alan Stevens, Special Adviser on Prostheses, Private Health Insurance

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
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 Lyn O'Connell, General Manager, Information Technology Services Division
Ms Sharon Rose, Manager, Privacy Branch, Office of the Chief Information Officer
Mr John Lee, Chief Finance Officer, Finance & Planning Division

Outcome 3—Enhanced Quality of Life for Older Australians

Ageing and 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
Mr Mark Brandon, Chief Executive Officer

Mr Chris Champ, General Manager, Corporate Services
Mr Ross Bushrod, General Manager, Accreditation

Aged Care Standards and Accreditation Agency Ltd
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
Dr Vin McLoughlin, Assistant Secretary, Safety and Quality Branch
Mr Dermot Casey, Assistant Secretary, Health Priorities and Suicide Prevention Branch
Mr Brett Lennon, Assistant Secretary, Health Workforce Branch
Ms Natasha Cole, A/g Assistant Secretary, Rural Health, Palliative Care and Health Strategies Branch

National Blood Authority
Ms Stephenie Gunn, Branch Manager, Policy, Planning and Corporate Services
Mr Peter DeGraaff, Branch Manager, Contract Management and Supply Planning

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, Senior Medical Adviser
Ms Mary McDonald, Assistant Secretary, Primary Health Care Review
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 and Policy
Ms Cathy Clutton, A/g Executive Director, Centre for Health Advice, Policy & Ethics
Dr Clive Morris, Executive Officer, Centre for Compliance and Evaluation
Mr Tony Krizan, A/g Executive Officer, Centre for Corporate Operations

CHAIR—I declare open this meeting of the Senate Community Affairs Legislation Committee. The Senate has referred to this committee the particulars of proposed additional expenditure for the year ending 30 June 2004 for the portfolios of Health and Ageing and Family and Community Services and issues from the Advance to the Minister for Finance as a final charge for the year ended 30 June 2003. The committee will now commence examination of the Health and Ageing portfolio. I welcome Senator Ian Campbell, representing the Minister for Health and Ageing; the departmental secretary, Ms Jane Halton; and of course all the officers of the Department of Health and Ageing. We are back here for another fun-filled two days, so enjoy it!

Witnesses are reminded of the procedures to be observed by Senate committees for the protection of witnesses and, in particular, of the resolution, which, in part, 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. Also, witnesses shall not be asked to give opinions on a matter of policy and shall be given reasonable opportunity to refer the questions asked of the officer to superior officers or to a 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. Minister, do you wish to make an opening statement?

Senator Ian Campbell—No, thank you.

CHAIR—The committee will be working from the portfolio additional estimates statements and I propose to call on the additional estimates in the following outcome orders: outcomes 2, 8, 3 and 1, followed by outcomes 4, 5 and 9, which will be grouped together for questioning, and then outcomes 6 and 7 and whole of portfolio and corporate matters. Before the committee commences with outcome 2, on page 53, I suggest that the committee begin with any questions on the portfolio overview, on pages 3 to 32 of the PAES. We will now go to questions.

Senator McLUCAS—I first go to the questions that we asked on notice. They were due on 12 December. From the compilation of the list of questions that the secretariat has provided me, I can only find two that were received prior to that date. That may be incorrect, but I have to say that most of the questions were received late last week and early this week. Two outcomes result from that. First, we do not get the report of all questions on notice that most

committees compile, so that report has just not been able to be compiled. Secondly, it is very hard to prepare for this round when you do not know the answers to questions that you have asked at the last round. Is there any reason why we have moved from the situation some time ago where all questions were answered in a timely way to the situation in this round where almost none were answered within the time frame?

Ms Halton—I can say to you that we, as you know, endeavour to get the questions answered as quickly as we can and that has always been our practice. I apologise that, in this particular case, a number of them were late. The statistical information that I have in front of me says that we provided about 45 per cent of the answers within four working days of that due date and 75 per cent of the answers were provided to the committee within seven weeks of the hearing date. I think it is regrettable, but because of the complexity of a number of these questions and because of the Christmas and New Year break, a number of them were provided after the hearings. There was a very large volume and a number of these questions were in many parts. If you take, for example, some of the TGA questions we actually had to meet with members of the opposition to clarify what the questions meant. We then had to go overseas to get answers to some of those questions, for example, particularly in relation to GMP. There was just the sheer exercise of completing them. I understand that is not acceptable to you and I do apologise.

Just for your information, on 18 December we provided 84 answers, on 20 December we provided two answers, on 22 December we provided three answers, on 12 January we provided three answers—I could go on, but the very large majority of these were actually provided over a week ago. I have to say to you, Senator, that I am very conscious of the need to get you the answers to these questions before the hearings and I have been vigorously chasing the remaining ones for the last couple of weeks, because I am conscious that you need to get those answers. All I can do is say we really have tried but these ones particularly were very complicated and had many parts and we did need clarification in a number of instances. Those are the facts.

Senator FORSHAW—You are talking about some that were complicated. You mentioned the ones regarding the TGA. I appreciate the point you make there because I am aware that officers of the department had discussions with opposition members regarding the questions. I think they were fairly clear but I appreciate that there were further discussions before the answers could be supplied. I do not take much issue with that but I do want to reiterate Senator McLucas's comments, particularly in respect of the aged care answers, a number of which I did not receive until yesterday. Indeed, looking at my email notes—and I understand that the questions come to the secretariat and they are forwarded to us almost immediately—a substantial number of them, in fact most of them, came in after Wednesday last week and indeed a number of them came in the last couple of days—the first two days of this week. It seems to me, at least on the surface, that every effort was being made to try to get them to us before the estimates hearing but, at the same time, they were coming to us almost on the eve of the estimates hearing. I wonder what would have happened if the hearing was another three or four weeks away. Would we still have been waiting three or four weeks? In other words, there appear to be two deadlines operating, one is the date that is set and then the next one is the estimates hearing.

Ms Halton—I do not think that is fair, Senator. Essentially, officers in the department, I can assure you, are extremely diligent in attempting to answer these questions as quickly as possible. It is an unfortunate reality that very often the questions are sufficiently complicated that we have to check data, go back through manual files et cetera. Then there is the process of checking that the answer is correct. There is the unfortunate reality of a certain number of layers. As I have said to you, it is regrettable and we do apologise and we do do our best to get them in as quickly as possible. The fact is that we have had the January period—regrettably, but a reality is that people do take leave in that period—and we had a lot of people off on leave this Christmas. You would appreciate that last year was a more difficult Christmas period for the department because a lot of people were affected by the fires so this year people actually wanted to take a holiday and they did.

Senator FORSHAW—We are not going to take too much time on this. I will make the point and it will probably come up again later that my view of the questions that were taken on notice in respect of aged care generally is that they asked for information that should have been readily and almost immediately available. It was not information that needed a substantial amount of subsequent checking, backtracking and so on.

Senator McLUCAS—Can you explain the process to me, Ms Halton? A question is received by your department and is then sent to the appropriate agency or group or whatever. What happens after the answer has been compiled?

Ms Halton—You would appreciate that the officers concerned have a combination of work to do. I am sure you would prefer it, but they do not stop everything they are doing as soon as a question comes in. They have to continue with their statutory obligations.

Senator McLUCAS—No, that is not the question I am asking. They receive the question and they answer the question. What do they do with it when they finish with it?

Ms Halton—A question would be compiled by a relatively junior officer. It would then be looked at by several more senior officers. The questions are actually scrutinised at several levels within the department both for accuracy but also for things like syntax. They would then be looked at for accuracy by anybody who had a particular interest. When they are cleared, they would be provided to the committee.

Senator McLUCAS—I am not very clear on that. The junior officer finishes answering the question and—

Ms Halton—I cannot tell you in every single question's case, because each area would do it slightly differently, but there would be a junior officer who would prepare a question, then there would be several layers of checking of those answers. Very often, in my experience, when a question gets to a more senior level, someone can see that perhaps a question has been misinterpreted or perhaps the data that has been used may not be accurate or may refer to the incorrect period and there would be a process of going up and down the line, if I can describe in that way.

Senator McLUCAS—Do all questions come through your office?

Ms Halton—No, not through mine personally.

Senator McLUCAS—Do they go to the minister's office?

Ms Halton—In a number of cases questions may be seen by the minister's office.

Senator McLUCAS—Can you tell us which questions went to the minister's office for approval?

Ms Halton—My expectation would be that all questions would be seen by the minister's office.

Senator McLUCAS—How long do they spend in the minister's office?

Ms Halton—I cannot answer that here. I would have to receive that information from others.

Senator Ian Campbell—In relation to my own portfolio—it may be relevant—I personally read every single answer, because it is, in fact, the minister who is giving the answer to the committee, and I think it is prudent, although not always possible, for the minister to read each question and then the answer.

Senator McLUCAS—Of course. I am not disputing that, because essentially the questions are being asked of the minister. What I am trying to ascertain is why this is so different. We now have a different minister in place. Under the former minister, by and large, our questions were answered in a timely way. I recognise that your officers are doing their very best to answer the questions in a timely way. I am wondering whether the delay is not with the department but in fact with the minister's office.

Ms Halton—It is hard to draw that conclusion. I have no evidence that would suggest that to be the case but, to be honest, I have not scrutinised that in terms of this period versus a previous period. As I have said to you, this actually did include the Christmas and new year break.

Senator McLUCAS—But questions were due on the 12th.

Ms Halton—Yes, I accept that, and, as I think I have already pointed out to you—and as the figures I have would suggest—probably close to a half were provided before Christmas.

Senator McLUCAS—After the 12th, though. I would ask you to take on notice this question: what is the average time that questions were in the minister's office waiting for his approval?

Ms Halton—I may not actually have that information in terms of a record, but I will see what I can do.

[9.19 a.m.]

Senator McLUCAS—Thank you. We will move now to outcome 2, Access to Medicare. Could we have the bulk-billing figures for unreferred attendances for the December 2003 quarter by electorate?

Ms Blazow—I think there has been a public announcement by our minister that we are moving to a new protocol on release of figures by electorate. We are going to do that annually and we have recently released the annual figures by electorate for 2003. They are now available on the web site and they have been released into the public domain.

Senator McLUCAS—The minister did announce that last Friday; you are correct. When did the new protocol come into play?

Ms Blazow—It came into play when it was announced last Friday. As you would be aware, Friday was the release date for our regular quarterly series and we are continuing to release all the figures in our quarterly series on that regular timetable. The only change in the protocol is that we will now be releasing electorate figures on an annual basis. That is what we did; we released the full annual series for 2003 at that time.

Senator McLUCAS—I am not a computer boffin. Can you explain to me how the computer collects this data?

Ms Blazow—It is a process of matching postcodes to electorates. It is a program that we receive from the ABS. The ABS works with the Electoral Commission to do that mapping. It is not an exact science. It is an attribution of how many people may live in a postcode and how many live in a particular electorate because, as you would be aware, electorates do not map exactly to postcodes. It is certainly not an exact science; however, it is a program that has been developed carefully by the ABS and the Electoral Commission together. That is then used by us. I think it is a 2001 mapping system—someone will come and tell me if I am incorrect—that we are currently using. It is a complex arrangement whereby we put that program into our computer and then we attempt to draw down from our computer—from the Medicare stats—both the postcode of the individual receiving the service and the provider.

There are various ways to cut it. It is a huge workload because we get various cuts on it and people want to know different things: by provider, by place of service, and by residential address of the applicant, which we do not always know. In fact, often we only know the applicants' postal addresses or post office boxes and so forth, which create some distortions in the figures. For example, people may have their address at a local urban post office when they actually live in a suburb out of the central business district, and that creates distortions in our statistics. So it is quite a complex program and it is a lot of work to define the exact way we are going to cut the figures and then produce the extensive reports.

Senator McLUCAS—But we have consistently—since, I think, 2001 or maybe 2002—asked the same question for each quarter. So the question that this committee is asking the department is the same. The parameters are identical so you do not have to go through that process each time we ask that same question. I am imagining that there is a computer with all of this data in it and you add in the overlay from the AEC and the ABS geographical system and simply meld those together. It is the same question being asked every quarter. Is that correct?

Ms Blazow—Yes, that is true but it is still a great deal of work in terms of time involved—

Senator McLUCAS—How is that so?

Ms Blazow—in running those reports and checking them for accuracy. As I said, there are quite a lot of distortions in the data and my staff attempt to rectify any of those distortions, as best they can, from the data sources. So it is quite a lot of work. Of course, quarter by quarter the data does not show major variations and those distortions tend not to be very informative. Because of the distortions the data can distort what is happening. In fact the annual series will

provide a better picture over a longer period of time because you get fewer distortions when you have a more longitudinal data set.

Senator McLUCAS—How are there distortions?

Ms Blazow—The distortions are because of the addresses. It is very hard to make assumptions that particular addresses are in particular electorates. We know that the addresses do not actually reflect where people live or where providers are providing the services. People move all around the place to get their medical services and they have different postal addresses for the purposes of posting Medicare cheques. The main address that is used by the Health Insurance Commission is people's postal address, not their residential address.

Senator McLUCAS—But it is the same question we are asking every time so those distortions are equally shared across each quarter. They are normal; they are ordinary.

Ms Blazow—There are distortions and they repeat each quarter; that is true. The electorate figures by quarter at that level of detail are not terribly accurate because of those distortions, whereas the quarterly figures that we release in terms of the national trends are more accurate because those distortions are not there. They show the national picture; they show the aggregated picture.

Senator McLUCAS—So when we ask this question, which we have asked for some years now—that is, the bulk-billing figures for unreferred attendances by X quarter—do you tell us where the patient lives? Is that by the patient's address or is that by the doctor's address?

Ms Blazow—It is the patient's postal address, and that is what is quite complicated—

Senator McLUCAS—And that is consistently the same.

Ms Blazow—because people often use post office boxes or they use for their postal address not the place where they reside. It may have no correlation with where they actually use a medical service. For example, they may use a medical service close to their place of employment, use a post office box in their township in their local suburb and then live in a different suburb again, all of which may be in different electorates by the electoral boundaries. So there are quite a lot of distortions in those figures.

Senator McLUCAS—How relevant are they?

Ms Blazow—Sorry?

Senator McLUCAS—How statistically relevant are those distortions?

Ms Blazow—Apart from those distortions, the other factor that comes into play is that you get seasonal variations. You get slight variations in the figures which are not terribly meaningful from quarter to quarter. As I said, we are continuing to produce the aggregated figures each quarter on bulk-billing, so there will still be a series quarter by quarter for everybody to see what is actually happening to the trends in bulk-billing, and we will produce electorate statistics aggregated by year for each year, so we will get a longitudinal series by electorate. We started doing that in 2002; you are correct. We have just released the 2003 annual electorate figures and so the series will go on.

Senator McLUCAS—I am sorry, that is not the question I asked. I asked: how statistically relevant are these so-called distortions?

Ms Blazow—I would need technical advice from statistical experts on how statistically relevant those are. I can take that on notice.

Senator McLUCAS—So we do not actually know.

Ms Blazow—I do not know in terms of giving you a confidence interval.

Senator FORSHAW—When did this supposed statistical distortion become recognised as a concern that it might be distorting the figures that you produce each quarter? If you have known about this for some time, why hasn't anyone's attention been drawn to it before? Why hasn't this rider ever been placed upon the figures that you use?

Ms Blazow—Riders are placed on the series.

Senator FORSHAW—Yes, but this is the first time I have ever heard this explanation.

Ms Blazow—We do put quite detailed explanations, in terms of both the answers to questions that we receive and the series that we have published, about the problems of actually mapping services and individuals to electorates.

Senator FORSHAW—A lot of government agencies and departments do that. The Bureau of Statistics, ABARE and a range that I have had experience with do that but it does not prevent them from producing figures. They often give you a set of figures on a quarterly basis, or on whatever other basis that might have been used historically. They can be presented at a later stage, if the first figures are said to be preliminary figures; they can be confirmed later. This happens right across the government sector all the time. It does not prevent them from producing the figures.

Ms Blazow—There were a number of factors in the decision to move to an annual series, the first being that we only began putting out the electorate figures in 2002. There was an argument to keep that series running on a quarterly basis for the short term because otherwise there was no comparative data, there was no benchmark and no movement could be seen. So we did that initially. We then realised that that was quite a lot of work and we also—

Senator Ian Campbell—I think we should go back one step because, under, for example, the previous government, there were no quarterly figures. What was happening was that some members or senators would ask questions on notice about electorates, I understand.

Senator FORSHAW—Under the previous government we had 80 per cent bulk-billing across the board.

Senator McLUCAS—And they were going up.

Senator FORSHAW—If you want to raise that—

Senator Ian Campbell—Quarterly statistics is the topic we are talking about. There were no quarterly statistics by electorate released at any stage under the previous government.

Senator McLUCAS—That is because this committee never asked for them. But we were sitting there and you guys were sitting here.

Senator FORSHAW—When you were in opposition you were not concerned.

Senator Ian Campbell—No quarterly statistics were released by the previous government. What has occurred is that, from time to time in the past few years, questions have been asked,

quite appropriately, about electorate-by-electorate breakdowns. What the previous minister sought to do was to say, 'Rather than doing it in an ad hoc way, let's look at releasing them quarterly.' What the government has now found is that the quarterly statistics have, firstly, a whole range of inconsistencies in them—which I think have been well described to the committee this morning—and, secondly, are significantly resource intensive for information that is distorted. What the government wants to do is to give better quality information which is not as resource intensive.

I think most people who care about health care outcomes would prefer to see the Commonwealth's health care resources dedicated to health care outcomes rather than to political outcomes, which may serve the opposition's wish to have political outcomes and to play games with sets of statistics that we believe have distortions in them. Our decision is, firstly, that it is more appropriate to have those resources put into one, giving us good statistical information on which you can base good policy—and we have been told this morning that those quarterly figures are not good figures on which to base it, for a whole range of reasons—and, secondly, to ensure that the limited resources that are available go to good health care outcomes.

Senator McLUCAS—I do not know that that is true, Minister—

Senator Ian Campbell—I know it is true.

Senator McLUCAS—that it is statistically relevant. I asked the question: was it statistically relevant?

Senator Ian Campbell—All I can say is that, previously under the Labor government, there were no quarterly statistics. We have done a trial of it and, for two key reasons, we have decided that it is not a sensible way to go.

Senator McLUCAS—I remind you that this trial you are talking about was in response to questions from the opposition about electorate-by-electorate bulk-billing figures. I think they would be extremely useful—

Senator Ian Campbell—I know that is not true either.

Senator McLUCAS—We can go back and look at the record.

CHAIR—The point the minister is making is that this is a very extensive, long drawn-out procedure for the department to be continually doing that creates an inaccuracy. The money being spent by the department in resources and time hours could in fact be better spent in getting better health outcomes, instead of just providing opposition political outcomes.

Senator Ian Campbell—I might see if the department does have some costings on it, because that might quantify the sorts of resources we are talking about.

Senator McLUCAS—I am about to get to the costings.

Senator FORSHAW—That would not apply to statistics that are produced with regard to the movements in coverage of private health insurance, would it? That would not be a political spin, would it? You produce those.

CHAIR—That is not electorate by electorate.

Senator Ian Campbell—We are producing detailed statistics about bulk-billing. It is a matter of whether you want accurate or inaccurate data. If you want inaccurate data, you can still seek it and the government will no doubt respond. But I think a costing on this process should be on the public record, if one is available.

Senator McLUCAS—I will go to that in a moment. I want to go back to the point that Ms Blazow made in answer to my question about whether or not these distortions are statistically relevant.

Senator Ian Campbell—We have taken that on notice.

Senator McLUCAS—That is quite a piece of work.

Senator Ian Campbell—It is a very important question.

Senator McLUCAS—The thing that I find interesting is that we do not actually know that. We can make a pronouncement that the distortions are statistically relevant but we actually do not know that. That is what you are telling me today.

Senator Ian Campbell—We know there are distortions which ensure that those statistics are distorted.

Senator McLUCAS—We do not know whether they are relevant.

Senator Ian Campbell—You now want to know the significance of those distortions, and that is an entirely appropriate question.

Senator FORSHAW—It is information you should already have; you have been doing it for three years.

Senator McLUCAS—You should know that. If you are making the argument—

Senator Ian Campbell—We have not been doing it for three years; we have been doing it for less than two years.

Senator McLUCAS—If you are making the argument that the figures are distorted—

Senator Ian Campbell—You had 13 years to do it and you did not do it once.

Senator McLUCAS—You did not ask.

Senator FORSHAW—We were not asked to do it; we had 80 per cent bulk-billing.

Senator Ian Campbell—It is probably one of those bits of information you would have released in the 14th year!

Senator FORSHAW—The point is that you have been providing these figures for almost two years or more—for a reasonably lengthy period of time—on a quarterly basis electorate by electorate. Surely the degree of statistical distortion would be known to the department. You should be able to tell us now or in a very short space of time, if you need time to check it.

Senator Ian Campbell—You are probably right.

Senator FORSHAW—In the compilation of the figures, that should, presumably, have shown up, for the judgment to now be made that there is this distortion and it is a reason to not produce the figures.

Senator Ian Campbell—Part of the judgment is the distortions and part of the judgment is the resource. I think Senator McLucas is about to get to the question about the resources required to create these distorted figures.

Senator McLUCAS—They are figures that we do not know are statistically distorted to that effect. Mr Abbott has said it costs $100,000 for the department to comply with the request. Is that annually?

Ms Blazow—I would have to take on notice the exact costing. That would be equivalent to about one person. That would not be unreasonable in terms of the workload involved. However, I need to take it on notice to do a more accurate costing of the total cost to the department. That could be an underestimate. That would be approximately one person at a middle level in my area. That would be a perfectly reasonable estimate but given that you have asked me for a definite figure I will take it on notice and we will compile a costing for you, including computer time, which is quite expensive as well.

Senator McLUCAS—Did the department advise Mr Abbott of the cost of producing these quarterly figures?

Ms Halton—The officer who can answer that question is not here at the moment. I am not aware myself of what advice was given to the minister on that issue. I will find the relevant officer. Perhaps we can revisit that.

Senator McLUCAS—I want to know when that information was requested and when it was provided, if in fact it was, or whether this is just a figure that Mr Abbott made up.

Ms Halton—We will have to take it on notice, which we will do. If we can find out today I will come back to you. Otherwise I will come back to you on notice.

Senator McLUCAS—The other point I need to make is the importance of these statistics to the community—not only the basic information about what is happening in their own area but also the trends that are occurring metropolitan to outer metropolitan and outer metropolitan to rural. That is really important information that the community has valued over the last two years and I do not accept the premise that it is about statistical distortions. I do not know that it is about cost. I actually think it is about this government not wanting the community to have a real handle on what is happening in their region. That is not a question to the department; it is more of a comment to the minister. We will come back to that matter later.

What could be provided out of the data that you currently collect about specialists, bulk-billing rates and out-of-pocket costs? I know you produce a quarterly document. How could you use that information to try to get some more data about specialists?

Ms Blazow—The quarterly reports do break the data down by specialty groups so it is possible to see what is happening in terms of charging practices by specialists, bulk-billing rates and so forth. The quarterly series does enable quite a lot of information about specialists to be analysed.

Senator McLUCAS—Presumably that could be produced by electorate as well.

Ms Blazow—Again, we have the workload issue. It is quite a lot of work. The quarterly stats themselves are quite a bulky document and to then cut that again by all the electorates is a very large workload.

Senator McLUCAS—The point that comes to my mind is that in some electorates there are only individual specialists.

Ms Blazow—Again, people travel even further to visit a specialist than they do to visit their GP. It is more likely that they are not near their place of residence.

Senator McLUCAS—Could it be produced by state?

Ms Halton—Can we take that on notice? Again, we will have to consult with the statistical people in the department on this. We do have a couple of people who are highly expert. It would not be sensible for any of the people at the table to try to answer that. We should take some expert advice.

Senator McLUCAS—The reason I am not talking about my electorate is that I think you would actually identify some specialists. There are some electorates which only have one particular type of specialist.

Ms Blazow—Privacy issues always arise and we would never publish data which revealed the identity of any individual or practitioner.

Senator McLUCAS—Certainly. But I would appreciate it if you could find out whether or not we could get that information by state. Do you also provide the out-of-pocket costs in the quarterly stats?

Ms Blazow—Yes.

Senator McLUCAS—And, naturally the same would apply—if you can identify the bulk-billing rate then you can therefore identify the out-of-pocket costs by state.

Ms Blazow—Can I just check that?

Ms Halton—I have just been advised that in relation to that $100,000 figure apparently an adviser was informed of the $100,000 figure—in fact by quite a junior officer in the department. So my understanding is that, if Minister Abbott did make a comment—and I have not seen the report which you refer to—then that $100,000 figure probably was provided by a fairly junior officer. I think what Ms Blazow and I will do is go and have a look at the basis on which that figure was derived and come back to you on notice.

Senator FORSHAW—You mentioned 'adviser'.

Senator McLUCAS—You are talking about a ministerial adviser?

Ms Halton—Yes. There was a figure provided by a departmental officer to the office—not directly to the minister.

Senator McLUCAS—When was that?

Ms Halton—I do not have that information, I am sorry, but it would have been fairly recently. I cannot tell you when—I can take it on notice if you want to know.

Senator McLUCAS—I am just interested in the process here. Someone from the minister's office rings directly a junior officer of your department and gets information—is that how that happened?

Ms Halton—Certainly there is traffic all the time between offices—for example, if there is a minute in the minister's office of an adviser having a question. People do speak to each other—it is not merely an exchange of correspondence. As to what has happened here, I cannot tell you. I am just advised that if the minister has used a figure then it would have come from advice given by an officer—which I think we should question.

Senator McLUCAS—A junior officer?

Ms Halton—Yes, a junior officer.

Senator McLUCAS—That is an interesting process.

Ms Halton—But someone who does do this work, someone who is involved in the statistics—whether this person actually understands all the things that go to costs of running the department is a debatable point. So we will come back to you on notice.

Senator McLUCAS—I turn now to the timing of the release of data. Usually that is released in a four-week period after the end of the month, but this time the data were released some five weeks after that. Is that correct?

Ms Blazow—No, we have a very strict protocol for the release of the data. There is a predetermined date always and the data are embargoed until that date. It is a very regular procedure. The latest set were released precisely on time in accordance with the protocol.

Senator McLUCAS—Did that include the data on radiology?

Ms Blazow—Yes, in fact I have one of the publications here—and you can see that it is quite a hefty tome. There is a table in there that relates to the broad specialty groups. So the data are aggregated by the broad specialty groups. There is a year-by-year series, including the quarters, involved in the release for that year. In fact, it goes back to 2000-01 in terms of quarterly data and then there is an annual series going right back to 1984-85 by broad specialty group. As I said, those tables also include the rates of patient co-payments over that series. So, yes, diagnostic imaging is certainly there.

Senator McLUCAS—I turn now to the issue of the Attendance Item Restructure Working Group. Can you give me a status report, Ms Smith, of where we are up to with the working group?

Ms Smith—The Attendance Item Restructure Working Group are continuing to meet. They produced a report late last year—I will have to get you the exact date—in relation to basically the attendance items structure, and they are continuing to meet to work through issues that have arisen from the production of that report.

Senator McLUCAS—Was that report published?

Ms Smith—The report has been published. The minister tabled it in parliament last year, so it is available. It is a very technical report, and the work in that is being used to inform ongoing work of that group.

Senator McLUCAS—This recommended the seven levels of—

Ms Smith—It actually did not make recommendations, but it did conclude that, in terms of the attendance items and the way that they are structured, the current structures do mean that there are some incentives in there that mean that throughput might be higher for shorter consultations. That was one of its conclusions, but it did not come up with any specific recommendations.

Senator McLUCAS—You say that discussions are proceeding.

Ms Smith—That is correct. There is another meeting—

Senator McLUCAS—Can you just explain what that means?

Ms Smith—I guess the report came up with some particular conclusions. The group has agreed that there is some further work. Some of those conclusions, as I am sure you would know, involve the expenditure of large amounts of money. The minister has met with the general practice reference groups. They have spoken to him about the attendance item restructure. He has said that he is happy for that group to continue working to look at whether there are ways of restructuring the attendance items but within the current budget parameters.

Senator McLUCAS—So the minister has said it has to be cost neutral?

Ms Smith—Yes.

Senator McLUCAS—Given that some of the recommendations, in your words I think, are very expensive, how do you see the group being able to come up with recommendations that will be cost neutral?

Ms Smith—The report actually comes up with various scenarios, some of which are more costly than others. It would be possible to have a cost-neutral model and restructure the attendance items, but it would inevitably mean that there would be losers. People who are doing high throughputs of shorter consultations would not be financially better off. So there are many different ways that you could look at how you might implement the restructure, and there are different costs attached to all the different ways. The group is going back to look at whether there are ways beyond those that they have already come up with. That might mean that you could look at either a phased implementation, or implementing a part of the restructure that would not be so costly.

Senator McLUCAS—I daresay you are actually trying to predict doctor behaviour with a restructured MBS schedule? That is essentially what the committee is doing.

Ms Smith—I think the group believes that if you were to restructure the schedule it would have an impact on doctor behaviour.

Senator McLUCAS—What is the time frame for the group now?

Ms Smith—The group is meeting again in March—I believe it is about 22 March. That is when the next meeting is scheduled for.

Senator McLUCAS—Is there an agreed end life to AIRWG?

Ms Smith—No, there is not, mainly because the technical work involved is actually quite significant, so to a large part it will depend on how the group works together.

Senator McLUCAS—I am just worried that it is taking an extraordinarily long time. There is a sense of frustration, I think, around GPs that this is taking a long time.

Ms Smith—I have to say that I have not had that message. The group are very happy to continue working. They are happy with the report they have produced so far, and we are keen to continue working with the department to look at whether there are other ways, beyond the very costly ways that had been concluded, to implement some attendance item restructure.

Senator McLUCAS—Can you give me an update on where we are with the Red Tape Taskforce, please?

Mr Eccles—The Red Tape Taskforce has made a submission to government and that is under consideration at the moment.

Senator McLUCAS—Have the various groups reached a consensus about the options on blended payments?

Mr Eccles—I am not aware of the details on the blended payments issue. I can take that one on notice if there is no-one else here who can answer that one.

Ms Halton—What about them?

Senator McLUCAS—I was under the impression that there were different points of view—let us put it that way—about how the operation of blended payments—PIP payments, EPC—works and their impact on the amount of red tape that doctors have to deal with.

Ms Halton—When you say difference of opinion, amongst whom?

Senator McLUCAS—Amongst the medical fraternity.

Ms Halton—I think there is a fairly extensive public record of debate amongst the doctors groups about the costs and the trade-offs amongst some of those blended payments. I would not say that is actually a red tape issue per se. The issue of the benefit around, for example, the asthma program as against the cost of the doctors participating in that program is something that has been debated fairly extensively. In any review of how programs impact on doctors' business practices, some of those issues get flushed out, but I do not think it is just merely a function of the Red Tape Taskforce.

Senator McLUCAS—I understand the proposal has gone to government.

Mr Eccles—That is right.

Senator McLUCAS—You have said that, and do you have any indication about the process from now on. I know it is out of your hands, but do you have any indication about what progresses from here?

Mr Eccles—I do not think it would be appropriate for me to comment on the time frames.

Ms Halton—It has not yet been considered by government, Senator. We are anticipating it will be at some point in the not too distant future but, as yet, we do not have a precise time.

Senator McLUCAS—I understand it has gone to cabinet.

Ms Halton—It has not got into cabinet yet.

Senator McLUCAS—That is what I wanted to know. Thank you. We asked questions at last estimates about compliance with the PIP after-hours program, and in the answer we received the HIC has identified 181 practices that were not compliant with the PIP program, the after-hours program: can you give us a bit more information about those practices? Were there any regional flavours to them? Was it evenly spread across the nation and is it of concern?

Mr Leeper—As a result of that audit, we wrote and had consultations with the Department of Health and Ageing, and we identified a number of practices where we felt that explanations ought to be sought about what appeared to be lack of access by patients to adequate after-hours care. Following those consultations, we wrote to 80 practices in December of last year, providing them with the information that we believed there appeared to be a lack of adherence to the after-hours care requirements and seeking information by the end of January about their ability to comply with those requirements. Some 66 practices have responded by the deadline. There are 40 practices out of the 80 that have not provided any evidence of compliance, and these have been removed from the after-hours tier 1 arrangements from February. I cannot give you the locations of those by state, I am sorry. I will have to take that on notice; I have only got the number of practices which did not come through that process.

Senator McLUCAS—You were saying that 80 were identified.

Mr Leeper—We wrote to 80.

Senator McLUCAS—Was that in that last December quarter? I am just trying to get the relevance of 80 to this figure of 181.

Mr Leeper—Out of the 181 that were identified, following discussions with the department it was agreed that we would write to 80 of the practices seeking further information. Of the 80 that we wrote to in December, some 40 have either failed to reply or the replies have indicated to us that we ought to cease the tier 1 payments—and that has been done with effect from the February 2004 payment quarter.

Senator McLUCAS—In your answer you said that you had a range of responses from simply contacting them through to stopping their payments or getting some money back. So that process has been ongoing and what you have just described is what has occurred in the last couple of months?

Mr Leeper—The audit of the after-hours care arrangements was conducted at an earlier time in the period leading up to June 2003. As you have noted, it detected about 181 practices where it appeared that some questions ought to be asked. We have gone through a process, with the department and looking through our own arrangements, and agreed that 80 of those ought to be asked to provide further information.

Senator McLUCAS—Has there been an ongoing audit process since the instigation of the after-hours payment?

Mr Leeper—HIC standard practice would be to audit arrangements from time to time, especially new programs, to make sure that government requirements are being adhered to and that payments are being made in an appropriate fashion. This would be an area where we

discuss with the department how they would like us to approach the audit activity. This is a new area so it has received a bit more attention.

Senator McLUCAS—Was the department surprised? I do not think that is a very good question. Let me put it this way: it seemed a lot of practices to me to be noncompliant.

Mr Leeper—One hundred and eighty is a lot, yes. Whether the number was expected or not I cannot comment—I am sorry.

Senator McLUCAS—It was an opinion question. Did you do any analysis of why people were noncompliant? Was it that they did not understand the program?

Mr Leeper—When we wrote to the practices in December, our letter indicated quite clearly that we felt there may have been some misinterpretation by them of the eligibility requirements. That is why we restated what the requirements were in that letter and asked them to indicate if they felt they were meeting the requirements of the after-hours care arrangements. That then gave the practice the opportunity to come back to us and indicate if indeed they felt they were meeting what was required to be provided as after-hours care.

Senator McLUCAS—I wonder if you would have a look at the location of those 181 noncompliant practices.

Mr Leeper—By state; is that adequate?

Senator McLUCAS—I suppose I am asking a more general question which is: are there any regional flavours to them? From time to time I receive information that there are a lot of practices in a certain area that are not complying with their after-hours obligations. Without getting on the phone yourself and doing some sort of audit process, it is actually hard to verify whether or not that is correct. I do not want to know where the noncompliant practices are necessarily; I just want to know whether or not there are any regional consistencies.

Mr Leeper—I certainly do not have that data with me—I am sorry—so I will need to take that on notice.

Senator McLUCAS—I understand that. Thank you. What sort of discussions have you had with the divisions of general practice about this noncompliance issue?

Mr Leeper—I am not aware of any discussions that the HIC has had with divisions on this issue.

Senator McLUCAS—The divisions are involved in the after-hours program, aren't they?

Mr Leeper—We have not had a direct consultation with them on this particular matter. I cannot say whether or not it might have come up in any other conversation that we have with divisional representatives from time to time. But we have not explicitly gone and discussed the outcome of this audit and the follow-up arrangements with them at this stage.

Senator McLUCAS—I would like to go to safety nets, which we have talked a lot about over the last six months. The minister said last week that 1,100 people were being denied access to help with their medical bills because, he alleges, the Senate has blocked the safety net legislation. How would that figure of 1,100 people—families and individuals—be identified?

Mr Davies—Senator, my understanding is that those figures were obtained from the HIC's ongoing tracking of out-of-pocket costs incurred by individuals and registered families.

Senator McLUCAS—Did the minister ask the department for an assessment of how many people would have hit the threshold?

Mr Davies—I think these data are collected routinely but there was certainly a request that the numbers be reported.

Senator McLUCAS—How much would that have cost in computer time?

Mr Davies—As I said, the HIC has to monitor these data for progress towards the current safety net so I assume the marginal cost of producing that information would be zero or very low. I do not know whether my HIC colleagues have any views on that.

Senator McLUCAS—What is the split for that 1,100? How many were families and how many were individuals?

Mr Davies—I do not have that information to hand, Senator. We can certainly try and obtain that for you. That would be families currently registered as families?

Senator McLUCAS—Yes, because some of the people are not registered as families, are they?

Mr Davies—The figure is for those who have crossed the threshold. There may be other families who have not yet registered, who have recently formed or whatever, who would not be caught within that net. So, if anything, that figure would be an undercounting.

Senator McLUCAS—It is not actually true; it might be statistically incorrect?

Mr Davies—I cannot comment on the statistical significance.

Senator McLUCAS—Of course not.

Senator Ian Campbell—The significance is that government policy is to assist these people with a safety net and as soon as the legislation is passed by the Senate all of those people will get the assistance. So it is entirely appropriate that the government expends resources to ensure that those who will be entitled under the new system will get the assistance the minute that the Senate is able to pass that legislation. Your assistance would be really welcome in that respect.

Senator McLUCAS—We can have that discussion but it is probably better that we have it downstairs in the chamber.

Senator Ian Campbell—We are very keen to get it passed.

Senator McLUCAS—The point I am getting to is that we are not actually sure about this figure of 1,100. We do not know how many are families and how many are individuals. There are certain groups of people that will not be in that group because they are not registered as families. All of those sorts of distortions will come into that figure. Can we also find out which safety net they would have qualified for—the $500 one or the $1,000 one?

Mr Whalan—As at 5 February 2004, in respect of the $500 proposed safety net, 374 individuals would have crossed that threshold and 499 families would have crossed the

threshold. In respect of the $1,000 safety net, 152 individuals would have crossed the threshold and 94 families would have crossed the threshold.

Senator McLUCAS—Thank you. What do we know about the costs that those people have incurred? How much of it is GP related, how much is specialist related and how much is diagnostic?

Mr Whalan—The vast majority is non-GP related—80 per cent is non-GP.

Ms Halton—Senator, the actual ratio is one to 13. I think you will find that is more than 80 per cent. The ratio is one GP cost to 13.

Mr Davies—Which means about 93 per cent.

Ms Halton—That is a lot more than 80 per cent. I am just doing the maths in my head, but I think it is more than 80 per cent.

Mr Whalan—Ms Halton is correct.

Senator McLUCAS—Ninety-three per cent is non-GP related.

Mr Whalan—The ratio is one to 13, GP to non-GP.

Senator McLUCAS—Am I right to think that all of those people have qualified for the current MBS safety net?

Mr Whalan—All of those people are registered for the current safety net. It is a different question about whether they will have qualified. It is an assumption, not a fact, but my belief is that a lot of them would not have qualified for the existing net, because the existing net is calculated on a different basis; it is in respect of GP items and excludes a lot of the items that the new safety net would pick up.

Mr Davies—The current safety net includes all MBS out-of-hospital services. I think the point Mr Whalan was trying to make was that it actually only covers the difference between the rebate and the schedule fee, and those would be the figures that would be taken into account in progressing towards the current $320 safety net.

Ms Halton—What is significant about these figures is the out-of-pockets which get you to these safety nets which, for example, would be an average of over $600 for the individuals and families with the $500 safety net and, as Mr Davies says, with the current safety net it is only that proportion of that amount which is between the $85 and the $100 that counts.

Senator McLUCAS—It is a different structure to the net. What I am trying to ascertain is whether or not all of those individuals and families that Mr Whalan has identified will have actually met the requirements for the current MBS.

Ms Halton—I think it is our collective belief that that is highly unlikely. We might have to see whether we can take that on notice.

Senator FORSHAW—I think you had better see if you can do that analysis of how many of those people would not qualify.

Ms Halton—We will take it on notice.

Senator FORSHAW—How long will it take you to do that? You have been able to produce these figures to tell us who would qualify for the safety net.

Mr Whalan—We will do it as quickly as we can. I cannot give you an estimate of the time, but we will do it as quickly as we can.

Senator FORSHAW—Why wouldn't you have done the calculation as part of the exercise of working out who might qualify for the proposed safety nets. Surely it is a relevant consideration to do the exercise completely.

Mr Whalan—We will do it as quickly as we can.

Senator FORSHAW—That is not the question I asked. Why was it not done?

Mr Davies—The point to make here, think, is that, if we are talking about the current safety net, and we are talking about individuals and registered families, the current safety net still applies. Therefore, any of these individuals and families who have qualified for the current safety net would already have been notified—or those approaching the current safety net would have been notified of that fact. So we should know that number because we have told them.

Senator FORSHAW—That is right; that is exactly the point.

Mr Davies—And I am sure we will find that we have.

Senator FORSHAW—And it is a relevant factor—isn't it? If you are going to calculate who might qualify for a proposed safety net, you would think that you would ensure that you looked at the complete picture—which is whether or not those people were also qualifying under the existing safety net. I just find it interesting that that data has not been made available but the government has been very quick and ready to provide us with this other information.

Mr Davies—I am sure that the HIC would be able to tell us very quickly how many people had qualified for the current safety net as at the end of January.

Senator FORSHAW—Can you just clarify something for me. Does the safety net run on a calendar or a financial year?

Mr Davies—It runs on a calendar year.

Senator FORSHAW—Wouldn't these people have qualified?

Mr Davies—Which people?

Senator FORSHAW—The ones for which you just gave us figures. You gave us figures for individuals and families who would have qualified.

Mr Whalan—Those figures we gave were as at 5 February 2004.

Senator FORSHAW—So what period did it cover?

Mr Whalan—From 1 January 2004 until 5 February. What happens with safety net arrangements, both with the existing safety net arrangements and with the proposed safety net arrangements, is that you get a very significant increase month on month as people's expenses accumulate. We have got a figure here about the existing safety net and the number of people who qualified as at the end of January 2002—that is, in round figures, 2,850.

Senator FORSHAW—That is under the existing safety net?

Mr Whalan—Correct.

Senator FORSHAW—Is that a calendar year calculation as well?

Mr Whalan—Yes, that is just for the first month of the calendar year.

Mr Leeper—Since 1 January we have put in place the system changes to allow us to accumulate the amounts of money towards the safety net thresholds that have been nominated by the government as their preferred position. That is an administrative requirement on the HIC to make sure that on passage of the legislation we are able to implement the safety nets and give people access to the benefits. That is why the data has become available: because we have made the system changes from 1 January to allow us to accumulate the information not only for the existing legislated safety net but also in respect of the two announced proposed thresholds.

Senator FORSHAW—But this data is always available in the system somewhere, isn't it? Every person or family registered with Medicare in this country can obtain from Medicare an analysis of what payments have been made throughout the financial year.

Mr Whalan—Yes, you are correct. It is available in respect of the existing system in respect of both individuals and families who have registered.

Senator FORSHAW—And the families can be broken up into individuals too?

Mr Whalan—The individuals do not have to register—

Senator FORSHAW—No, but the details for each individual within the family can be provided. If the family is registered, you can still provide the details for each individual patient—because I know you do it.

Mr Whalan—Yes, we can.

Senator FORSHAW—You do. That is data that everybody can get.

Senator McLUCAS—Mr Davies talked before about the processes you started to put in place to make your systems able to deliver the safety nets. When would the department be able to start supporting families with the safety net arrangements had the legislation been passed, let us say, last week?

Mr Davies—We are working on the plan that a month after the legislation is passed we would be able to operate the safety net, using the developed systems.

Senator McLUCAS—Let us say the safety net legislation had been passed in December; would you have been operational by January?

Mr Davies—No, sorry. The earliest possible date was the date that was foreshadowed in the announcement—1 March. It would never have been earlier than 1 March.

Senator McLUCAS—So we were never going to be able to help people until 1 March?

Mr Davies—We could not have done that using the automated systems. There may have been ways in which that could have been accelerated using workarounds, but by using the computerised systems to do this the anticipated date was 1 March. Because the number of eligible families grows during the year, in the early months of the year the numbers are not

that great; therefore the possibility of workarounds always existed had we been instructed to go earlier.

Senator McLUCAS—So we were never going to be organised to do it before 1 March, anyway.

Mr Davies—I believe we could have operated quicker than that had we been asked to.

Senator McLUCAS—Will retrospective payments be made?

Mr Davies—No, there will be retrospective accumulation of costs but no retrospective payment of the additional 80 per cent cash.

Senator McLUCAS—So if 1,100 families and individuals have met the threshold now—

Mr Davies—If they meet the threshold now they will have to meet the full out-of-pocket cost for any costs they accumulate over the next month or longer unless they are covered by the current safety net. At such time as the legislation were implemented those full out-of-pocket costs that they have paid would not be reduced, but from the introduction of the scheme onwards they would get the additional 80 per cent.

Ms Halton—What Mr Davies is talking about here is the legislation as it is currently before the Senate. Obviously we cannot make any observation other than in relation to that legislation. Were the Senate to make amendments and pass legislation with amendments, obviously we would endeavour to do what the Senate instructed us to do. So Mr Davies's comments are in respect of what is currently before the Senate.

Senator McLUCAS—My understanding was that the department had advised that 1 March would be the operational date and that there would be no retrospectivity in terms of payments. The point I am making is that 1,100 families and individuals would not have been assisted even if the legislation was passed last week, or in fact, last December.

Mr Davies—We are talking hypotheticals. As the secretary has just pointed out, it depends on what that legislation, in its final form, would have been. In the event, it would have depended on whether it was felt appropriate and feasible to put in place some workaround stopgap arrangement to enable those payments to be paid. We are in the realm of the hypothetical here.

Senator McLUCAS—I think Mr Abbott might be too, but that is just a comment. I would like to ask some questions about the $5 bulk-billing rebate. There has been some discussion in the media about doctors being concerned about privacy matters in relation to the $5 rebate, and doctors being unsure of the status of the patient. Are you aware of that concern?

Mr Davies—I did not see it presented as a privacy issue but I am aware of some more general concerns about the practicalities of the new arrangement.

Senator McLUCAS—I understand there has been some discussion about a patient declaration form or some sort of method by which the patient advises the GP of their status. Can you explain the issues around that $5 matter?

Mr Davies—I think that Ms Smith is probably more au fait with that.

Ms Smith—There are actually three items that GPs are able to claim in respect of the payment. It applies to any non-referred service provided by general practitioners. There are

eligibility conditions surrounding the payment. Those conditions relate to the age of the patient and the concessional status. Doctors do need to satisfy themselves that patients meet those eligibility criteria before they claim the $5 payment, as is the case with any Medicare item being claimed.

Senator McLUCAS—The age is fairly straightforward. They have got the date of birth so that group is fairly easy to manage. It is the people who have concession cards. I think that is the group that people are concerned about.

Ms Smith—We have had some discussions, in particular with the AMA, about how we might have a system that will mean that doctors do not feel that they are in the position of having to identify these people. Any kind of system will take a longer time to implement but we are having discussions with the Health Insurance Commission about how we might do that.

Senator McLUCAS—What is the nature of those discussions? What are the concerns?

Ms Smith—The concerns are that people are not able to accurately identify whether someone is a concessional patient. Even if the patient assures them that they are concessional the doctor or receptionist does not really have a way of knowing for sure. Their concern relates to post-payment auditing. These payments will be monitored by the Health Insurance Commission as a post-payment audit and so the concerns that the AMA have raised relate to the fact that some GPs are worried about that auditing process and how they can make sure that they are not going to be breaching any of the legislative conditions. That is what we are working on with the Health Insurance Commission, looking at a way to try to move that checking away from the front to the back end of the system.

Senator McLUCAS—I understand that there has been some discussion about a patient declaration form. Is that part of moving it to the back end?

Ms Smith—We have had no specific discussions about that with the Health Insurance Commission. The AMA has certainly raised that as a potential way of overcoming the problem.

Senator McLUCAS—Is there any value in it? Is it a practical way to solve the problem?

Ms Smith—From the AMA's point of view I think that they believe it is practical. Obviously we would need to seek some legal advice about whether it is possible to do that at the front end and whether that will solve the problem.

Senator McLUCAS—So that shifts the onus to the patient. Somebody signs a patient declaration form and says, 'I am able to have a concession card,' and then is subsequently found not to be eligible, the onus to the patient? The patient declaration form is moving the onus away from the general practitioner to that individual—is that the purpose of it?

Ms Smith—The AMA believe that would work, that shifting the responsibility away from the GPs would certainly make the GPs feel a lot more comfortable.

Mr Davies—I think we have to stress, Senator, that it is not our proposal. We are not abreast of how it would work in practice or what the legal implications of it would be. We have not been asked to examine that proposal.

Senator McLUCAS—Okay. Ms Smith, you were talking about moving it to the back end. Could you explain what that means a bit more?

Ms Smith—You might recall in discussions around the General Practice Access Scheme that it was proposed that the Health Insurance Commission would be checking Centrelink data with Health Insurance Commission data behind the scenes, so to speak, so that general practitioners would have no need to be signing up and checking and doing all those things. That was in respect of the scheme. One of the things that we are examining with the Health Insurance Commission at the moment—whether there would be a way for practitioners to simply claim the item whenever they bulk-bill a service. Actually it would work a little bit differently. Services would be bulk-billed. The Health Insurance Commission would look at the services that had been bulk-billed and determine which of those would attract the $5 payment. They would be able then to provide the payments to the doctors. So this would be a post-claim process.

Senator McLUCAS—But that is the nub of the problem because the doctors are saying, 'If someone presents to me and says they're a concession card holder, I say: righto, bulk-bill that patient.' If the patient subsequently had not been eligible for the $5, the doctor's action would have been not to bulk-bill that individual but to charge them privately. So in cases where they subsequently discover that a patient was not eligible, they have foregone not only the $5 but the gap that they would usually charge. That is the concern of doctors.

Ms Smith—What we have made very clear to doctors and to the AMA is that doctors will not be penalised for genuine errors in this process. The Health Insurance Commission will be taking into consideration in their post payment monitoring any factors that doctors may wish to bring up with them. Where doctors are making genuine errors they will not be penalised.

Senator McLUCAS—And a genuine error would include someone saying, 'I am a concession card holder,' and then it being found subsequently that that person is not?

Ms Smith—I believe so, yes.

Senator McLUCAS—That could be a concerning number of people. People have the idea that you can say, 'I've got a concession card but I did not bring it with me.'

Mr Davies—I have not examined how practices are operating the system on the ground. But it would be reasonable to expect people to provide some proof of their concession card status. A GP who was being prudent in managing their risks might seek that proof in some form, unless of course they are familiar with the patient and their family, in which case they may know that they have concession status and maintain that. A lot of people qualify for concession cards on the basis of their age, and that does not go backwards.

Senator McLUCAS—So, Ms Smith, you are currently in discussions with the—

Ms Smith—With the Health Insurance Commission.

Senator McLUCAS—HIC and with the AMA and divisions?

Ms Smith—We had some discussions with the AMA and we are going to be going back to talk to them about any proposed submissions.

Senator McLUCAS—Are we going to have to develop some sort of protocol? You said 'genuine errors' and that is fine, but the profession would like some clarity on something like that. What is 'genuine'?

Ms Smith—That is what we are aiming to give them through this process. Once we have had discussions with the Health Insurance Commission and we have all the right sorts of legal advice and practical advice about how the post payment monitoring might work then we will go back to the AMA and have that discussion with them as well.

Senator McLUCAS—I have some questions about the aged care proposals under MedicarePlus: the payments for access by people who live in aged care facilities to GPs. The proposal is for $47.9 million over four years. I know we discussed this during the inquiry but can you give us an update on how that will be allocated?

Mr Davies—Can you clarify? Are you talking about the payment for the comprehensive medical assessment or the payment to GPs who undertake to work closely with—

Senator McLUCAS—It is about the assessments.

Ms Smith—Sorry, Senator: you will need to repeat your question.

Senator McLUCAS—There is $47.9 million proposed. Is that just for the assessments or is that—

Ms Smith—That is for the comprehensive medical assessment.

Senator McLUCAS—Right.

Ms Smith—Sorry; it is actually for the GP panel arrangements as well.

Senator McLUCAS—Can you give me a separation?

Ms Smith—I should be able to do that.

Mr Eccles—I can tell you what the component is for the aged care GP panels, if that will help.

Senator McLUCAS—Yes, please.

Mr Eccles—It is point $0.236 million this year, $15.845 in 2004-05, $14.153 in 2005-06 and $17.665 million for 2006-07.

Senator McLUCAS—That is for the GP panels?

Mr Eccles—That is for the panels and the remainder would be for the item.

Senator McLUCAS—There has been some discussion in some of the medical media about the assessments item, which is $140. There is some concern that it is, in fact, not enough to deliver the service in a viable way. Are you aware of that discussion?

Ms Smith—Those concerns have been raised with us. The proposed fee and rebate structure for this comprehensive medical assessment item are broadly based on a combination of the current fee, and there is already an in-surgery health assessment item under the enhanced primary care item. So it is based on that fee and an amount that is equivalent to the standard loading that we do for general practice out of surgery services as well. It is a combination of those two things.

Senator McLUCAS—How much was the EPC item in surgery?

Ms Smith—I believe the rebate for that is about $120.

Senator McLUCAS—So it is about $20 for the call-out?

Ms Smith—Yes, that sounds about right, but I will go back and check on that for you as well.

Senator McLUCAS—Thank you. There has been some discussion that doctors will not take up the program because it actually will not cover their costs. The division is obviously aware of that and is in discussions with the AMA.

Ms Smith—There is a committee, the Medical Benefits Consultative Committee, that is in discussions around this issue at the moment.

Senator McLUCAS—Is it proposed to increase that item?

Ms Smith—We have said that we are going to go back and look at our particular costings and our estimates around take-up of the item to see if there is any room at all to move on the cost.

Senator McLUCAS—Obviously those figures are determined by a predicted take-up.

Ms Smith—That is correct.

Senator McLUCAS—What is the take-up that you are proposing?

Ms Smith—I do not have that with me.

Senator McLUCAS—I suppose that is a division.

Ms Smith—Yes.

Senator McLUCAS—Just simply divide by 140.

Ms Smith—It is looking at the number of new residents and existing residents. It is a combination of those factors that go into what we think the take-up might be.

Senator McLUCAS—Are you looking at a proposal that might have two types—a completely new assessment paid at a higher rate and then a review assessment at a lower rate? Is that an option that you are considering?

Ms Smith—We have looked at having an assessment for new residents and also an assessment for existing residents. The general practitioners have raised with us the issue around patients who are in an aged care home but have an acute episode and go into hospital care, for example. They have raised with us the question of whether it is possible to have a comprehensive medical assessment item that will cover that. I think our response to date has been that there are health assessment items already in the schedule that would cover that situation. We are working through it continually with this group just to make sure that we cover off some of those angles as well.

Senator McLUCAS—This program is in effect now, isn't it? This is actually happening.

Ms Smith—It begins from 1 July.

Senator McLUCAS—You would have those discussions concluded by then, obviously.

Ms Smith—That is right, and I should make the point that if the item is bulk billed it would attract the $5 incentive as well.

Mr Davies—For a concession card.

Senator McLUCAS—I am sure they all will be.

Ms Smith—That is right.

Senator McLUCAS—So it is actually $145. Going to the panels, can you explain how that will work for patients in nursing homes?

Mr Eccles—The precise details of how the panels will operate are still being discussed as part of the standard consultation leading to the rollout on 1 July. I can talk to you about some of the assumptions we have used, some of the sorts of things that are going to be used as a starting point for those discussions, but it could well move on quite a bit. The basis for the panels is to develop a far closer relationship between general practice and nursing home care providers and people who live in nursing homes.

Some of the key elements of that relationship could be the provision of advice to care providers in nursing homes around a whole range of things, from medication right through to preventive activity—to falls prevention for example—to give talks or seminars to the residents, to discuss a range of healthy living or healthy behaviour options. We are also looking at assisting to develop emergency care protocols in collaboration between general practice and nursing homes.

Senator McLUCAS—Mr Eccles, what is emergency care protocol?

Mr Eccles—In case there was something that required immediate attention; the best means to get in touch with a medical practitioner straightaway.

Senator McLUCAS—Ring up.

Mr Eccles—That sort of thing.

Senator McLUCAS—Give this drug.

Mr Eccles—And what to do in the meantime.

Senator McLUCAS—I understand.

Mr Davies—We would also look at part of the relationship would be developing up rosters for provision of care to residents who do not have a GP.

Senator McLUCAS—So the panels will operate, there will be a group of GPs who will be attached to this particular facility—

Mr Eccles—That is what we envisage.

Senator McLUCAS—and each of those GPs will attract the payment: is it $8,000?

Mr Eccles—The figure that is being used is on average, and that is one of the things we need to tolerance test with both the nursing homes and also general practice about the best ways to construct that fee. It could well be that in signing up for this they agree to do X number of hours of work with the nursing home, or there could be some other options that they may suggest to us, but it is still a little bit away from having any sort of definite

boundaries around that. The sort of things I am talking about would be what we would put on the table as the point for discussions.

Senator McLUCAS—I thought $8,000 was a clear figure. You are saying that that has not been—

Mr Eccles—No, I think the wording of it is funding of up to $8,000 a year will be available to a number of GPs who participate in local panel arrangements.

Senator McLUCAS—So up to $8,000 and a number of GPs.

Mr Eccles—Yes.

Senator McLUCAS—How many GPs are expected to take up that? I suppose it is simply another division sum, divide $15 million by eight.

Mr Eccles—Again, it will vary division to division, but the sort of assumptions that we are using are six for an average division as a minium.

Senator McLUCAS—General practitioners per division.

Mr Eccles—Yes, as a minimum but, again, in the discussions we are going to be having with the divisions and with the industry itself, some of those details will need to be worked out.

Ms Halton—Senator, can I just underline that I think this measure is very much a reaction to what a number of us have been told over a number of years about issues for elderly residents of nursing homes. I think, as Mr Eccles is pointing out, we actually want to make this work, and it is important that in the discussions with the profession we structure the arrangement in a way which is optimal for ensuring the outcomes which I think we would all agree would be good for older residents, but also meet the needs of the general practitioners. I think it is important that we understand that what is being outlined at the moment is our perception of that, but once we have had those detailed conversations that might change a bit. So I would not want you to think that this is chipped into a tablet of stone, because I think it is not. Our real objective here is an approach which works.

Senator McLUCAS—You are saying up to $8,000, so I think what you are saying, Ms Halton, is that that actually may change.

Ms Halton—That was our view, and at the end of the day if someone puts to us an extraordinarily persuasive case—they might not, but they might—we would always be prepared to look at that issue. Then there are issues about the amount of money that is available and how far the services can be made available et cetera, but we should not be completely categorical at this point. As I said, we have a view; we might be wrong.

Senator McLUCAS—I can see a situation where you have a very small town with two GPs and an 80-bed nursing home. I cannot think where that place might be but it may exist. There may need to be a special arrangement for those two GPs who opt in.

Ms Halton—Exactly. Essentially we do not want to build an arrangement here which actually causes an anomaly or a difficulty of precisely the kind that you mention. That is exactly my point: we want to come up with an arrangement here that will meet the needs of the profession but also will meet the needs of residents. This is one of those things that has

been on the horizon for some time and even when I ran aged care, which is now going back a few years, it was one of the issues we talked about a lot as being able to do something about. We do need to be flexible precisely for the kind of reason that you mention.

Senator McLUCAS—Will the assessments be included in that $8,000 figure or are they two completely different operations?

Mr Eccles—Two separate things altogether. One is not really a subset of the other.

Senator McLUCAS—I have some more questions in outcome 2 but we are running out of time. I want to talk about the medical indemnity issue and the proposal for the premium subsidy scheme.

Ms Halton—You need a changing of the guard for that one, Senator.

Senator McLUCAS—It is within this outcome, isn't it?

Ms Halton—Yes.

Senator McLUCAS—The government has proposed that the premium subsidy scheme will provide funds to cover 80 per cent of a doctor's medical indemnity costs once they exceed 7.5 per cent of gross private medical income. I am trying to understand why 7.5 per cent has been identified as the benchmark after which the government will give support.

Mr Maskell-Knight—I think it is essentially a matter of policy choice. The doctors would clearly like to have a lower number. Our colleagues in Treasury and finance might have preferred a rather larger number. It is just a matter of the decision that the government made.

Senator McLUCAS—So you did not do any analysis of the cost of medical indemnity and incomes to come to that figure? There must have been some work done around that.

Mr Maskell-Knight—Not to decide that 7.5 per cent was the right number. It was essentially a matter for intuitive judgment. You can look at the distribution of costs and you find that many doctors pay two or three per cent and some doctors pay 35.

Senator McLUCAS—Is it going to be on the net income or gross income?

Mr Maskell-Knight—It is going to be on what the doctors report to their insurers as the gross income they derive from the services for which they are insured.

Senator McLUCAS—So in a practice that would not include income from a practice nurse. How would it work?

Mr Maskell-Knight—The extent to which the doctor is vicariously liable and their indemnity would cover them for that income: yes, it would. Essentially, at the moment with the way the insurance premiums are set by the insurers they ask doctors to nominate which income band they fall into. A doctor will say, 'I am a gynaecologist and I expect to earn between $300,000 and $400,000 next year,' and the insurers effectively use that income as a proxy measure of the level of activity which the doctor is undertaking and, hence, of the likely risk and they set a premium based on that. What we intended to do under the premium support scheme is ask doctors to nominate a point estimate of what their income is going to be. But it is not a different measure of income; it is just a more accurate one.

Senator McLUCAS—And the government is then going to pay 80 per cent of indemnity costs after that 7.5 per cent threshold is reached.

Mr Maskell-Knight—That is right.

Senator McLUCAS—Is there any concern that this will, in fact, be inflationary to indemnity insurance?

Mr Maskell-Knight—I do not know about concern. It is clearly a possibility. There are a number of factors militating against that. The first one is that lots of doctors do not pay 7½ per cent at the moment. They are not going to get any support under the premium support scheme and they will be very cross if insurers start jacking their premiums up towards the 7½ per cent level. Those same constraints do not apply quite as much to people that are already paying more than 7½ per cent, although they will still have to pay a marginal 20 per cent above that. We intend to write into the contracts with insurers provisions that they have to set premiums based on what the actuarial fair value of the risk is and that the process they use to set those premiums will be subject to audit by an independent actuary if we choose to carry out an audit.

Senator McLUCAS—Will they have to ask the department or discuss with the department increasing any insurance costs?

Mr Maskell-Knight—The insurers, do you mean?

Senator McLUCAS—Yes.

Mr Maskell-Knight—We do not imagine that we will be approving premiums prospectively, no, but they will know that we have the right under the contract to carry out an audit and if we find that they have been setting premiums on a basis that is not supported by the actuarial evidence then there will be remedies under the contract.

Senator McLUCAS—Similar to how you can get advice from a whole range of professions, there is a whole series of advices that you could get from a whole series of different actuaries and you could end up with an enormous legal battle over an increase in a premium. It just seems an extremely complex way of dealing with the matter.

Mr Maskell-Knight—Another point to make, perhaps, is that these are not for profit organisations. They are owned by the doctors, so, the extent to which they jack up premiums above what they need to carry out their business is set against the fact that it is their owners that are paying the cost.

Senator McLUCAS—You said earlier, Mr Maskell-Knight, that lots of doctors will get no support. Have you done any analysis of what number of doctors will get support and what type of doctors they might be?

Mr Maskell-Knight—It is difficult to be precise because we do not have point estimates of what doctors earn at the moment. We have done some modelling which suggests that something like 15 per cent of doctors are likely to be eligible. That is based on the way insurers currently structure their premiums relative to income, and there are some issues that the medical profession have around that. At the moment the doctors that are likely to benefit are higher risk specialties—the obvious ones are obstetrics and neurosurgery and some other surgical groups are likely to fall into that category as well.

The other significant group are lower income physicians and general practitioners who may only be working in the private sector part time. At the moment they face what they perceive to be disproportionately high premiums relative to their risk and they will get a subsidy under the arrangements. What we also want to do is work with the insurers and the profession to examine how those premiums for part timers are set. There is an issue that they may not reflect properly the lower risk that goes with a lower workload.

Senator McLUCAS—You are in those discussions with MDOs at the moment?

Mr Maskell-Knight—Yes.

Senator McLUCAS—There has been some discussion about the number of MDOs that exist in Australia. I think it has been put that we have too many. Did discussions with the MDOs focus around that matter?

Mr Maskell-Knight—No.

Senator McLUCAS—We are trying to find the most efficient way of supporting doctors. Has the department done any analysis of the fact that we have seven MDOs? There is a view that that number is just not big enough to be viable.

Mr Maskell-Knight—There are only five insurers, as distinct from MDOs. I think the smallest insurer probably has over 10 per cent of the market—or more like 15 per cent. It is a matter of it being very difficult to get the data which would allow you to say that being small necessarily indicates that you are operating less efficiently than larger insurers. Certainly, if you look at the private health insurance industry, the evidence does not support that. We do not yet have the same sort of handle on the medical indemnity insurance industry, but I would be surprised if there were significantly different factors operating there.

Senator McLUCAS—There have also been some questions asked about the schemes not applying to doctors who are travelling overseas with sporting teams. Has that matter been brought to your attention?

Mr Maskell-Knight—It has.

Senator McLUCAS—What is the remedy?

Mr Maskell-Knight—I think it is fair to say, first of all, that the problem is not universal. It might be easier to go back a step perhaps and explain what happened. For the last however many years—100 or so years—the MDOs were indemnifying doctors who travelled overseas with sporting teams, Morris dancers, ballet troops or whatever. The parliament in 2002 passed legislation giving effect to the high-cost claims arrangements under which the government agreed essentially to co-insure claims over $2 million, but it put a limitation that were claims which happened within Australia. So some insurers decided that they would cease the practice of offering cover for doctors travelling outside Australia because the government was not going to co-insure that risk; others decided that they would continue to operate as they always had. Two insurers continued to operate as they always had, two stopped offering cover and one was in the middle. If you told them what you were doing, they would think about offering you cover but maybe not offer you as much cover as you used to have.

Senator McLUCAS—So if you were a Morris dancer you would get in, but if you were a footy player you would not, or something like that?

Mr Maskell-Knight—Yes.

Ms Halton—We do not think there would be a significant number of Morris dancing injuries—

Senator McLUCAS—It is very dangerous for your ankles!

Ms Halton—and certainly not of a major nature, anyway.

Mr Maskell-Knight—Since the issue became a matter of public concern, we have had discussions with various insurers. The one that was in the middle and one of the others have now agreed to offer cover as they always have. The last group is considering their position and is supposed to get back to us this week about what they are going to do.

Senator McLUCAS—You might have to name them or something to bring them back into line.

Senator ALLISON—Is it possible to have the MBS and PBS data per capita by state and by region or electorate?

Ms Halton—Can you be more precise? When you say 'per capita', do you mean total MBS expenditure per head of population?

Senator ALLISON—Yes—by state for both MBS and PBS and by region or electorate. I am not sure what the options are.

Ms Blazow—We had quite a lengthy discussion earlier about electorate information, but we can certainly do MBS and PBS data per capita by state. I do not have it with me at the moment, but I could take that on notice.

Senator ALLISON—You could not do it by region?

Ms Blazow—We do not normally carve by region. It is very difficult to define what a region is, and we do not have standard programming to do that.

Senator ALLISON—What about the RRMAs?

Ms Halton—We do not produce the data by RRMAs at the moment. Let us take it away and have a look at it and see what is readily available.

Senator ALLISON—We have the MBS for electorates.

Ms Halton—That is annual MBS. We just released that data series.

Ms Blazow—I am advised we can do it by regional types, so we could break it between capital city, other metro and rural and remote, and also by state.

Senator ALLISON—You can do that within each state?

Ms Blazow—Yes.

Senator ALLISON—Is that the best you can do?

Mr Davies—We are checking. I believe the regular report on government services gives per capita figures by state, so that should be available very quickly. We have someone pursuing it.

Senator ALLISON—On the question of linking MBS and PBS data—I am thinking here about the issue that came up in the inquiry on combining PBS and MBS for safety net purposes—what is the administrative process for the HIC to, for instance, get data from pharmacists? Isn't that possible?

Mr Davies—The claims where the cost of the dispensed product is in excess of the relevant copayment level are reported and recorded by the HIC. The problem arises specifically with those items that are listed on the PBS but where the cost paid is below the relevant copayment threshold—so, less than $23.70.

Senator ALLISON—Because there is no record of that?

Mr Davies—The record of that is held by the pharmacist.

Ms Halton—The Health Insurance Commission does not receive data from pharmacists in relation to any script which they describe as a private script, and that is a script which costs below the copayment level. It may well be that some of those scripts are recorded on the safety net cards, which you would be familiar with—they have the little sticker—but the data that regularly flows between us and the pharmacist, which again I know you are familiar with, does not include information about those scripts. For concessional patients it would be very few, obviously, but we believe it is quite a significant number for general patients.

Senator ALLISON—What barriers would be preventing the collection of that data?

Ms Halton—Essentially, it is not currently part of our agreement with pharmacists in relation to their remuneration that they provide us with that information, and I think it is an issue that they have very strong views about.

Senator ALLISON—Why? What are the issues for them?

Ms Halton—It would be unfair to speak on their behalf, but I do know that they believe that that is information which there is no need to provide to government.

Senator ALLISON—They may think that, but if government determined that this was useful information, as I would argue it probably is, then why would they continue to hold that view, and would the government consider legislative change to require it to be provided?

Ms Halton—One has to acknowledge that our relationship with pharmacists is quite a complex one, and certainly the arrangements in relation to remuneration are quite complex. I was not around or responsible for this the last time the pharmacy agreement was negotiated, but my understanding is that under the current arrangement pharmacists do not believe they should be providing that information to government. It is fair to say we would accept your view that there may well be some use in relation to that information, but that would be an issue that we would need to take up with the pharmacists.

Senator ALLISON—I am trying to understand what the barrier is—whether it is 'it's none of your business', whether there are higher administrative costs or—

Mr Davies—As you know, we have a five-year agreement with the Pharmacy Guild on behalf of community pharmacists. The negotiations for the current agreement, which neither the secretary nor I were party to, ended up there. They chose not to provide that information, and I guess in the mix of the final settlement that was where the two sides agreed.

Ms Halton—But, because I have had this discussion with them over many years, I do know that they have a very strong view that, as those are not subsidised, they are private scripts.

Senator ALLISON—If it is a privacy issue, there would be ways that you could overcome that, would there not? They would not need to be identified.

Ms Halton—Yes. When we say 'private' I do not think we mean privacy as an issue—

Senator ALLISON—A private relationship between the customer—

Ms Halton—I think we mean that it is something you pay for yourself and, therefore, it is a matter between you and the pharmacist.

Senator ALLISON—That could be something that, at the end of the five-year agreement period, could be raised with them if the government felt it was useful to have that data.

Ms Halton—Yes, it could be.

Senator ALLISON—I think I understand. What analysis has the department commissioned on the effect of out-of-pocket payments in terms of access to Medicare? Do we have, for instance, the level of copayments for family types and family sizes? What sort of data is available, and what sort of analysis has been made of it in this respect?

Ms Blazow—We are able to analyse the extent of copayments for MBS, and with the PBS we are able to look at the extent to which people are accessing the PBS for prescriptions that are above the copayment levels. Type of family is more difficult. In fact, it is only now that we are starting to build the systems for MedicarePlus to live in for family tax benefit families, concession card holders and so forth. But over time we will be able to do that. For the PBS we are able to break people down as to whether they have general status or concession card status. But, again, type of family is a more complex analysis for, say, something like income level or numbers of children in the family and so forth. So we are not able to do that sort of analysis easily at the moment.

Senator ALLISON—And you have not done it? I believe that was my question.

Ms Blazow—No. The effect of the copayments on access to services is a more complex matter again and would require detailed surveys, I imagine, of people's attitudes and whether or not they are not from the scripts or not attending the doctor.

Senator ALLISON—Has the department done that?

Ms Blazow—No, we have not done that yet.

Senator ALLISON—As you say, it would probably require a survey approach rather than just looking at the data that is available. Is that correct?

Ms Blazow—Yes, exactly, because it would go to people's attitudes.

Senator ALLISON—Yes, and you do not have the data anyway.

Ms Blazow—No. It is very difficult to identify people and then design a survey to access those people. It would be a very expensive venture.

Senator ALLISON—To do a survey?

Ms Blazow—That sort of survey, yes.

Mr Davies—Short of a survey, the question you are asking seems to go to the numbers of people who would have used services if there had not been a copayment. Of course, they are invisible to us routinely, and it would require quite a sizeable community survey to ask people that question and, even then, it would be a fairly hypothetical question.

Senator ALLISON—That was the reason I asked about the data for regions and electorates or whatever. That would be a useful starting point. At least you would know whether you needed to go to particular states or particular areas in order to ask that question where the copayers were very high, for instance. Anyway, you have not done that work?

Mr Davies—We have not.

Senator ALLISON—I do not know whether this question comes under this program or not, but can we talk about the PBS and the free trade agreement?

Ms Blazow—Yes.

Senator ALLISON—I wonder if it is possible to give the committee some idea of the existing process of interaction with companies when they get knocked back from subsidy or from the price they want under the current arrangements with the TGA process.

Ms Blazow—The TGA process or the PBS process?

Senator ALLISON—Sorry, the PBS process.

Ms Blazow—At the moment, the PBAC would come to a view that a product should not be recommended for listing on the PBS. That information would be provided to the company. That information is also made available on the postings on our web site and there is a certain protocol about the company having an opportunity to see the reasons for that recommendation and comment on those reasons before the posting appears on the web site. That would be the normal process at the moment.

Senator ALLISON—What happens to those comments at present?

Ms Blazow—They are received only by the secretariat people, and the company would know that the only opportunity available to them to reopen that matter would be by resubmission to the PBAC.

Senator ALLISON—How often is that resubmission option taken up, typically?

Ms Blazow—I cannot answer that off the top of my head but I could call Joan Corbett to the table who may know that.

Senator ALLISON—I do not need actual percentages; just whether it is a lot or never or only a small number.

Ms Blazow—No, it happens.

Senator ALLISON—A lot?

Ms Halton—It happened quite regularly, to my knowledge.

Senator ALLISON—That is the form of appeals process?

Ms Blazow—Yes, it is a resubmission process.

Ms Halton—You can go back and have your case heard again—exactly.

Ms Blazow—In fact, the companies learn from the first process where there may be a need for additional data or some issue like that which informs their resubmission.

Senator ALLISON—Is it possible to get data on what percentage of resubmissions might be successful?

Ms Blazow—We could do that, but I would need to take that on notice.

Senator ALLISON—Yes, fine.

Ms Halton—We will just pick a reference period, if that is all right.

Senator ALLISON—Yes, that is fine.

Ms Halton—If you are looking for an indication, we will just pick a period.

Senator ALLISON—Yes, that would be good. In terms of the appeals process that has been apparently agreed to with regard to PBS, how different would you expect that to be from the current arrangement?

Ms Blazow—It will not change the current situation where the PBAC has the legislative power to make recommendations to the minister. So the PBAC will remain the pre-eminent body and the minister will continue to be bound by the legislation. With the way it is at the moment, the minister cannot list a product unless it has been positively recommended by the PBAC. So there will no change to that process at all.

We envisage that there will be more opportunity for comments to be heard and considered, and it may be a possibility that those comments go back to the PBAC prior to a final recommendation being made. It will open the process up to more scrutiny publicly so that the actual reasons for decisions will be more transparent. The reasons for recommendations will be more transparent and there will be greater opportunity for the companies to comment on those and for decision makers to see those comments.

Senator ALLISON—But the reasons for the listing are made public now anyway, are they not?

Ms Blazow—Yes, they are.

Senator ALLISON—Do the comments made by the pharmaceutical company go just to the minister at the present time?

Ms Blazow—No, they do not. They go back to the company.

Senator ALLISON—I mean the comments by the company.

Ms Blazow—They comment on the reasons and they know exactly what is going to go on the web site, but the comments are not ever viewed by the decision maker.

Senator ALLISON—So, effectively, the only difference will be that those comments that the company makes will be made public. Is that right?

Ms Blazow—That may be the process. We have not worked out all the details yet of how this will work. We certainly know what the policy parameters are, which I explained—there will not be any change in the legislation, there will not be any change in the pre-eminence of

the PBAC as the body recommending to the minister and the minister will still be bound to follow advice of the PBAC, in that he is not able to list a product unless the PBAC has recommended it. But the process whereby the company is receiving access to advice on the PBAC's thinking is along the chain. The opportunity for the comments to be viewed by other parties from the company will be opened up to greater scrutiny, and there will be an opportunity for more information to be made available during that process.

Senator ALLISON—What other parties would you expect to be interested in this process?

Ms Blazow—Clinicians, in particular, are very interested, and they often have quite clear views about a particular product and its role in medical practice.

Senator ALLISON—Is there more information which can then be provided in that more open process? At present are companies only expected or allowed to comment on the decision, whereas this process might allow them to put a bigger case? Do you see any difference in what companies will be able to do in this process that they cannot do now by way of the information and data that is provided?

Ms Blazow—We do not envisage that the process of opening up towards the end of the decision making would enable the companies to put a whole new submission in at that stage. We are not envisaging that that is how it would work. The companies have the right to make a new submission now, and they will be still able to do that under the new process. It is not a matter of making a whole new submission right at the end of the process.

Senator ALLISON—The new process would not allow them to fast track that sort of reapplication, would it?

Ms Blazow—No. That is not envisaged at all. A new submission would require a new submission. That would mean new evidence, new data and something that is totally different from what has been processed by the PBAC. They would have to go back to square one.

Ms Halton—One of the complaints that has been made to us in the past is that there is some misunderstanding, for example, as part of the process about some thing, some fact or whatever it might be. This greater capacity to scrutinise the process enables you to identify that. It does not change the process, as Ms Blazow has outlined, and it does not mean that people still do not have the right to come in again, but it ensures that people all understand the information and have the same understanding of that information and that that is open to scrutiny.

Senator ALLISON—Regarding the scrutiny, you have identified clinicians as being interested parties to all of this.

Ms Blazow—Consumer groups are often very interested too.

Senator ALLISON—Quite frankly, I can understand why you would not want this to happen. We all know pharmaceutical companies have a lot of money to spend and can mobilise lobby groups, consumers and clinicians to see a product made available to them. Was that the reason for the current process, where this was not an opportunity for further lobbying and pressure?

Ms Halton—We are going back into the past in terms of the original structure of the scheme. I do not think either of us are able to comment on that, because—unless I am wrong

about Judy's career, but I know from my own perspective—neither of us was there. I think it is a fair observation that in the design of any program—and certainly in my experience of the programs I have run directly—you make mistakes or, in time, you discover where you could perhaps do it better. We certainly have a commitment to good administration, and one of the things that we are always open to is advice and suggestions about how we can administer these sorts of programs better.

Senator ALLISON—I can imagine this is likely to present itself as a fairly major problem in this new arrangement—that is, the lobbying and even more money being spent on testing—

Ms Halton—We already get lobbied. I do not think it will make any difference. I have no doubt you get the campaigns as well. Unless the campaigns that come through my office write twice, I do not know that it will make a material difference to that.

Ms Blazow—I think it will add more structure.

Ms Halton—Yes, I think it probably will.

Senator ALLISON—Nonetheless, would you like to see built into this process some sort of review of the difference that it has made to the system? Is that what you envisage: at some stage doing some scrutiny of the process yourself?

Ms Blazow—We have been working with Medicines Australia for some time on making our processes as streamlined as we possibly can, because we are aware it is important to get medicines to Australian people and subsidised as quickly as possible. So we have made some commitments about streamlining our processes and about the timelines that we will adhere to in the processing of those applications. We will be very happy to monitor that. In fact, that is what we are planning to do—look at our time frames, look at how long it takes for submissions to go through the various parts and report on those things—because that is part of our process of improving the transparency and timeliness of our processes.

Senator ALLISON—There is a matter which was flagged early on in the FTA debate, but it seems to have disappeared with the announcements. Is the notification of pharmaceutical companies when there is a generic product to be manufactured still part of the agreement?

Ms Blazow—There is a notification provision, but it is a very minimal provision about when a generic company is intending to enter the market with a product in a situation where they believe the existing patent is invalid. The TGA will require the company to notify the TGA of that situation, and then there will be a requirement for the patent holding company to be told that there is this situation. We understand that will be a very minimal number of cases because, as you would be aware—

Senator ALLISON—In what circumstances would you expect it to arise?

Ms Halton—Where there is a contest over the patent, basically. You understand that patents run for quite some period. It would only arise in the circumstance where there is any debate or doubt about the period in which the patent expires.

Senator ALLISON—How frequently does that happen?

Ms Halton—We are advised that it is very infrequently.

Senator ALLISON—What difference would this make to that situation? How will this improve the problem of differences about lengths of time?

Ms Blazow—It will not have a major impact, because the vast majority of Australian generic companies do not enter the market. In fact, it is illegal to enter the market. It is against patent provisions to enter the market while a patent is operational, so it is only in these very rare cases where there is a dispute about the validity of the patent that the notification provision will come into effect. Therefore, we are not expecting that there will be any major change in the behaviour of our generic companies, because our patent regimes are very strong in Australia and people adhere to them.

Senator ALLISON—Will this be written into this arrangement? Will notification only be provided in those circumstances?

Ms Blazow—Yes.

Senator ALLISON—How do you know it is going to be contentious?

Ms Blazow—The onus will be on the company to notify that they believe the patent is invalid.

Senator ALLISON—And then what will the process be?

Ms Blazow—Then they will have to notify the patent holding company of their intention to enter the market because they believe the patent is invalid.

Ms Halton—What it essentially means is that they can sort their patent differences out between themselves rather than there being any government arbitration, I suppose. It enables the patent holder to know that someone believes that their patent is invalid and they wish to come to market with a product they believe they have patented.

Senator ALLISON—So the process of sorting all of that out is not something government gets involved in. Does that mean it is dealt with in the courts—injunctions and all that sort of thing?

Ms Halton—I would imagine it would likely be dealt with legally.

Senator ALLISON—Legally?

Ms Halton—Yes. I might be wrong and I will come back to you if that is not correct, but I should imagine that the ultimate recourse in such disputes, if it were not possible to be resolved, would be via a legal recourse.

Senator ALLISON—Commentary has suggested that this will tie up all sorts of generic manufacturing prospects in the courts for lengthy periods. Is that not your reading of how this would work?

Ms Halton—No, that is not our belief. I think there has been some misapprehension abroad that this is about all generics. It is explicitly not and, as Ms Blazow has outlined, it is only in the event that there is a dispute. Because our generic manufacturers and our patent regime is quite clear as well, industry has advised us that this will be minimal, if indeed there are very many cases at all.

Senator ALLISON—Sorry, but can you just explain how they are overcome at present?

Ms Halton—I think we would have to find a worked example if indeed there is one. Why don't we give you something on notice.

Senator ALLISON—Okay, and if you can indicate what the process is—that is what I am mostly interested in.

Ms Halton—Yes.

Senator ALLISON—I have got a few questions about stockpiling in PBS—not very many. Shall I continue?

Senator McLUCAS—I have got a couple of questions on pharmaceuticals too.

CHAIR—Could I just indicate that the grand plan for time has bitten the dust at its first test.

Senator McLUCAS—It is my fault this time!

CHAIR—But we have an indication that if we can conclude outcome 2 by, say, 11.30 a.m. we can then do outcome 8 and then probably carry that through to lunchtime and do older Australians after lunch. That is the amended grand plan.

Senator DENMAN—You said currently any restriction, in order for the drug Zyprexa to be provided under the PBS—

Ms Halton—Is that the trade name or the chemical entity?

Senator DENMAN—No, that is the trade name.

Ms Halton—We are just checking with someone who will know all the drugs—there are quite a lot of them.

Senator DENMAN—Would you like me to put them on notice?

Ms Halton—No, we can probably get you an answer quite quickly.

CHAIR—Senator McLucas, do you want to carry on while that information is coming? Or do you have other questions, Senator Denman?

Senator DENMAN—I have just one other question. It follows on my favourite subject, PET scanners. I received some answers from Mr Sheedy to the last lot of questions and answers have been provided but I am not sure whether they include the isolated patients' travel assistance allowance. I am seeking for Tasmania, Victoria and other states and territories the numbers of people who have access to PET scanners outside the isolated patients' travel.

Mr Sheedy—I am just referring to the answer I gave you on the number of Tasmanians who travel to Victoria and other states. We have given you an answer on the number that have travelled through the patient travel assistance scheme and those who had Medicare eligible PET scans, and the numbers do not quite reconcile.

Senator DENMAN—No.

Mr Sheedy—We think that is to do with the fact that perhaps some PET scans were performed on four indications which did not have Medicare eligibility.

Senator DENMAN—Yes, that is what I am wondering.

Mr Sheedy—That is one of the likely reasons for the fact that the figures do not reconcile; the others might be the timing of the information provided.

Senator DENMAN—Can you check that for me?

Mr Sheedy—I can, yes.

Senator DENMAN—Have you got figures up to December 2003?

Mr Sheedy—I do not have them with me.

Senator DENMAN—No, that is fine.

Mr Sheedy—I do know that there is a continuing flow of patients from Tasmania to Victoria—almost entirely to Victoria, as our answer noted.

Senator DENMAN—Thank you.

CHAIR—Do we have the answer to the previous question?

Ms Halton—We are just checking the schedule to see exactly what it is, but someone will be here in about two minutes.

Senator McLUCAS—I want to go to the advertising program that was undertaken on taking and sending PBS medicines out of the country. What was the full cost of the advertising program?

Ms Blazow—That is an HIC program. I do not know if the HIC people are still here.

Dr Mould—We budgeted $1.2 million for the campaign in 2003-04. It commenced in December 2003 and it is focused, as you would have seen, on advising consumers, prescribers and pharmacists of the laws and restrictions which are associated with taking or sending PBS medications overseas. The second tier of the campaign is going to be directed towards culturally and linguistically diverse communities, and that commences on 15 February. So far we have spent $719,000 on advertising. That has been in mainstream media and in prescriber and pharmacy media, and it will be in the culturally and linguistically diverse media. It has also been general—for example, at airports we have had it shown on light boxes.

Other related expenditure has been around $369,000. We have had two months programming on the *Good Health* TV program and we sent a direct mail postcard to prescribers, as opposed to a letter. We simply sent a postcard, and we have had some very good feedback on its brevity and ease of reading. We have sent direct mail to suppliers, we have made posters and consumer brochures, and we have conducted research with focus groups to make sure we are hitting the target with our advertising campaign. We sought comments from those focus groups about their attitudes and beliefs and knowledge of the restrictions around taking PBS medicines overseas.

Senator McLUCAS—How much was the research component?

Dr Mould—I cannot tell you but I can certainly provide that for you. It was within the $369,000, so it was quite small.

Senator McLUCAS—What is the extent of the problem of people exporting PBS medicines overseas?

Dr Mould—Do you mean what sort of people would do this and in what sort of areas?

Senator McLUCAS—Yes; can you give me an explanation of why people do it?

Dr Mould—First is an issue of cost. The PBS medications, as you know, are very well priced and very accessible here, so people might obtain them inappropriately to send them to another country where that medication may in fact be available at a much greater cost. There is an issue around quality. Australian medicines are recognised internationally as being of extremely high quality, and reliably of that high quality. If you want high quality medicines then Australia is the place to get them, and people recognise that. There is, unfortunately, some gain in people obtaining them inappropriately for sale overseas in markets where they know they can create that market.

Senator McLUCAS—Do we have a notion of how much illegal or inappropriate exportation is occurring?

Dr Mould—We did some work in 1997 when we started with this campaign. At that time, in a joint effort with Customs and other agencies we estimated it could be as high as $22 million. Since then we have done some more work, and the scene has also changed quite dramatically. You would appreciate that in 1997 international travel was much freer and easier than it is now and that, since the events of 2001, the restrictions on travel—the greater security and greater checking of movements and people—have meant that we believe that the figure now is significantly lower. We have established an intelligence unit, again to work with agencies such as Customs and the AFP, so that we can attempt to obtain a realistic figure on the level of the problem at the present. But we believe that, as a result of the measures and the changing environment, it is now significantly lower than the $22 million we identified in 1997.

Senator McLUCAS—Is Australia Post a part of that discussion as well?

Dr Mould—Absolutely. We work closely with Australia Post. In fact, quite a few of the seizures we make are made with the assistance of Australia Post.

Senator McLUCAS—How many events have occurred where people have been identified as illegally exporting PBS supported medicines?

Dr Mould—I cannot give you an exact figure. I can provide you later with some further information on the number of seizures that we have made.

Senator McLUCAS—When you did the work with the focus groups, did you spend time ensuring that those people who can legally take PBS supported medicines out of Australia would not feel as if they cannot do so as a result of this advertising program?

Dr Mould—Absolutely. The work with the focus groups was around, as I said, determining the attitudes people had towards it and also particularly their level of knowledge. That is why we have provided quite a high degree of information in the campaign about how, if you are legitimately taking your PBS medicines with you overseas, you would go about that. That is quite at the forefront of the information that is provided. It is very much part of the reason for the strong emphasis on the campaign with the pharmacist and the prescriber, particularly because of this awareness by the doctors as well. There was a reasonably good knowledge amongst the focus groups of the requirements. It was not high, but there was a good knowledge. The other interesting thing we found in the focus groups was that a lot of

people could not see that there might be something wrong with sending PBS medications to their relatives overseas.

Senator McLUCAS—Has there been an evaluation or will you do an evaluation of the effectiveness of the advertising program?

Dr Mould—Yes, we will run the focus groups again at the end of the campaign—after a time has elapsed—to measure its effectiveness.

Senator McLUCAS—So it is in terms of community understanding as opposed to impact on the number of prosecutions? Is that the measure? The measure is simply community understanding rather than more quantifiable things like the number of prosecutions? You cannot really measure the net benefit to the PBS because it is not that much.

Dr Mould—We would always much rather have a strong focus on an education and prevention campaign than attempt to do a back-end corrective action. Having said that, though, we do have a strong focus with our monitoring of prescribing and supply of drugs. There is always a strong awareness of: is this inappropriate supply? Is overseas diversion part of this inappropriate supply or is it inappropriate supply for another reason? Generally speaking, we find in our audit work and in our investigative work that where there has been an inappropriate supply through a pharmacy there is usually a combination of overseas diversion, of swapping prescriptions for goods, of simple outright non-supply for monetary gain; all three generally feature.

Senator McLUCAS—Thank you.

Ms Blazow—Senator, we have the answer on zyprexa.

Dr Lopert—Senator Denman, would you be so kind as to repeat the precise question. I was not in the room when the question was raised.

Senator DENMAN—Okay. Could you tell me what zyprexa is prescribed for? Is it only for schizophrenia or for a broader range of mental health problems?

Dr Lopert—Zyprexa, the trade name of the drug olanzapine, is registered for use in schizophrenia and related psychosis and also for bipolar disorder.

Senator DENMAN—So can people who are prescribed it for other than schizophrenia and, say, bipolar disorders get it under the PBS?

Dr Lopert—Under the PBS, zyprexa is subsidised and an authority required item for the diagnosis of schizophrenia only.

Senator DENMAN—So, if other people are being prescribed it, it is costing them the full amount of money for the medication?

Dr Lopert—If it is prescribed on a private prescription, that would be the case, yes.

Senator DENMAN—Is any investigation being undertaken into how often it is being prescribed other than for schizophrenia?

Dr Lopert—If it is a private prescription, we would not have access to the information. As far as I am aware, we would not be aware of the indication for which it was prescribed on a private script.

Senator DENMAN—Do you think the department ought to be looking at that, because information I have is that it is being prescribed more widely than for schizophrenia?

Dr Lopert—The drug is registered for other indications, yes, so it is anticipated it may be prescribed for other indications.

Senator DENMAN—But still not available on the PBS?

Dr Lopert—It is up to the sponsor to seek a PBS subsidy for other indications if it so chooses.

Senator DENMAN—Thank you.

Ms Halton—Senator, just to correct the record, can we issue some clarification about something that was provided earlier.

CHAIR—Certainly.

Mr Eccles—Senator, you asked earlier about medical care for residents of aged care homes and the split between the medical assessment item and the panels. I would just like to clarify the answer. I have got details here. For the medical assessment items it is $14.1 million over, I think, four years and for the retainers and the panel costs it is $33.8 million

Senator McLUCAS—Over four years?

Mr Eccles—Yes.

Senator McLUCAS—I have a series of questions that I want to ask about the prescription shopping program. I understand that there are two projects that the department is operating. One is called the prescription shopping project and one is called the doctor shopping project. Can you explain the difference between the two?

Dr Mould—The doctor shopping project was a funded project which ran until 30 June 2002. The prescription shopping project was part of the budget initiatives around the PBS, which was introduced in that year, and it built on the successes of the doctor shopping project.

Senator McLUCAS—Are those programs directly targeted at GPs, essentially?

Dr Mould—No. The program is not directly targeted at GPs; the program is targeted at the event of the writing and filling of a prescription and the people that are involved in that process. It involves interventions, perhaps with the patient or the prescriber, using the information which we are able to gain as part of that project around the medications which are prescribed for a particular person, the number of prescribers that a person may have visited and so forth.

Senator McLUCAS—You have alluded to the privacy issues that come out of that. I understand that under the doctor shopping program a hotline was established. There were some privacy issues around that that I was led to believe were the reason why it has changed. Will we be using a hotline for the—

Dr Mould—We have discussed the continuation of what we prefer to call the information line, which is what the hotline was. We have discussed the issues around the provision of an information line with the prescribers and their representatives in particular. There has not been a great deal of support for it in the present program. There was in the previous program,

which focused exclusively on drugs of dependence such as narcotic analgesics and codeine compounds. The new prescription shopping program focuses on the total range of drugs which are available under the PBS, because it became very clear to us in the previous program that people shop for more than just drugs of dependence. There has been quite a bit of discussion. At present, the profession and the prescribers are still taking that on notice, and we are going to have some further discussion with them. But there is not a great deal of support around it in the present program.

Senator McLUCAS—Around the information line?

Dr Mould—Yes, around the hotline, the information line.

Senator McLUCAS—Is that because of the privacy concerns of the GPs?

Dr Mould—No, it is because the providers—the prescribers—feel that, if they were to obtain information, they would be taking on an area of clinical responsibility which might not be appropriate for making a decision that is not entirely within their control. If you have someone in front of you who is visiting a number of prescribers and you, as that individual prescriber, take it upon yourself to act, you are intervening or taking on responsibility in that clinical situation that may be more than what you would want to do. That is what has been expressed to us by them.

Senator McLUCAS—I might ask some further questions on notice to try and get a greater understanding. Thank you.

Senator ALLISON—I will go to the question I think we looked at last time, too, of stockpiling. Is it possible to give some explanation of how the government defines stockpiling, given that this has been an area that the government has done quite a bit of work on? How do you define it?

Ms Blazow—Stockpiling covers a number of behaviours but generally it refers to people filling prescriptions in advance of their clinical need to have those drugs available to them and holding them in their cupboard until such time as they may or may not need them. In this first case they will eventually need them but they are holding them just in case. In the second—

Senator ALLISON—If we can just focus on that one for a moment, is stockpiling for next week or the weekend or two weeks time seen as stockpiling? Where do you draw the line at what is reasonable?

Ms Blazow—Generally a prescription is a month's supply of the product.

Senator ALLISON—So if somebody had the current month's supply which they were working through and another month's supply, would that be stockpiling or not?

Ms Blazow—If they had two months supply at the same time that would be on a repeat prescription, and asking for that second repeat to be filled prior to the need would in fact constitute a stockpiling unless they had a reason for that supply to occur; for example, if they were travelling or they had some special need and would be immobile, they knew they were going into hospital for a long time or something like that and they had a need to actually fill that repeat earlier, in which case there is a provision for the pharmacist to fill the prescription on those circumstances. But if people were bringing it forward because they were worried they might need the prescription filled or whatever, that would be stockpiling.

Senator ALLISON—These would be people who would be telling the pharmacist one thing but would not really have that excuse for doing it.

Ms Blazow—Yes. Another circumstance might be that they are bringing forward the filling of prescriptions to improve their safety net eligibility, in which case that would also be classed as stockpiling.

Senator ALLISON—To what extent is what the pharmacist is told a factor in your judgment? Do people deliberately try and mislead pharmacists? Where do you think the problem lies? Is it people who go to several GPs to get the same prescription? Is that the issue, or what?

Ms Blazow—That could be another circumstance of stockpiling, where people are shopping around and actually receiving more scripts than they really need clinically, filling those scripts and either holding them in their cupboard for a rainy day or giving them to other people who the scripts were not intended for. As I said, it is a much generalised term and there are a number of examples where stockpiling would occur, not always in the same circumstances; there are a range of different situations.

Senator ALLISON—I am aware that the department did some sort of survey to ask them about their attitudes to stockpiling, which we were all a bit surprised about. But what does that lead you to suggest by way of the extent of the problem, the cost of the problem and the level of wastage that might be associated with that? It does not always mean that those pharmaceuticals would be wasted, for instance, does it. People can work their way through them in the way that they might have done otherwise.

Ms Blazow—Yes, it is highly possible that people simply fill their scripts or their repeats at the one time because they cannot get out of the house and they need to have the drugs in the house because it is very difficult for them. They still need them and they will use them, and if that is a legitimate circumstance that would not be classed as stockpiling. In other situations some of the drugs might be wasted because people have filled the scripts, for example, an antibiotic where the doctor has provided two courses and said to the patient to take one course; take the full course completely and if you are well after that do not fill the second script because you will not need to. The patient has filled both scripts at that time and then throws out the second course; that is wasteful.

Senator ALLISON—What assumptions has the department made about that? Have you actually quantified what you think the extent of the problem is in both numbers of prescriptions and so forth and in dollar terms and how do you separate out what is ultimately wasted and what is not?

Mr Rennie—We provided an answer to you from the last estimates hearing. I have got some additional information to supplement that. As recently as the first week in February there was reported in the *Pharmacy News* trade magazine a study undertaken by the Victorian College of Pharmacy through the home medicines review program of going to people's homes and checking on the amount of medicines in people's homes. This found for 152 patients that 49 per cent of the medicines found in those homes were either expired or obsolete. Quite significant numbers of medicines were found to be, if you like, obsolete or expired, and therefore dangerous potentially, from stockpiling.

Senator ALLISON—But that is not the same question as stockpiling. Isn't it the case that you might get a course of pharmaceuticals in a particular condition but you stop taking it if that condition is fixed? That is not stockpiling, is it?

Ms Blazow—No, because generally a prescription, as I said, is for one month's supply and the doctor has provided that because there is a clinical need for that drug to be taken. So if several years later that drug is still sitting in someone's cupboard, they have not complied with what the doctor wanted them to do; they have simply put it in the cupboard. That is a worry.

Senator ALLISON—But I have often been prescribed medication and, as soon as whatever that problem might be has gone, you do not take it any more. Not all drugs are antibiotics where you have got to go through the full course, surely.

Ms Blazow—For example, if you were taking a painkiller and you only needed three weeks of the four weeks supply, that would not be stockpiling. In fact, the best use of medicines would say that you should throw out the balance of that because, as Mr Rennie has pointed out, most drugs have use-by dates.

Senator ALLISON—I understand the dangers of keeping drugs that are no longer necessary and they should be thrown out; no question about that. My question is the assumptions on which the government has argued very strongly that there is a level of stockpiling which has led to wastage. What I want to get to is what sorts of figures you use to arrive at those conclusions. Is it all just guesswork based on an attitude survey and this survey—

Ms Blazow—No. I think that the data are quite clear that 49 per cent of the medicines in the homes of the people having the home medicines reviews were out of date. It means that they were holding a lot of medicines that they had not used in respect of their clinical needs. I think it is quite reasonable to draw an assumption that maybe not the full extent of that is wastage and many of them may not have been needed, there was only one or two pills left in the pack, but I think it is reasonable to assume that, therefore, there is wastage occurring in the system.

Ms Halton—Can I put this another way, Senator. One of the things that a number of years ago we were actually quite concerned about in older people was what is somewhat unfortunately titled polypharmacy. We had a number of studies that actually showed the impact of people taking a significant cocktail of drugs and ending up in hospital unnecessarily—not unnecessarily, because they were overmedicated and they needed to be there at that time, but if they had been on a more appropriate regime of medication the likelihood they would have been admitted to hospital would have been less. One of the reasons we actually started the home medicines review, and we started doing it in nursing homes first, was precisely because there were, firstly, a number of studies—which comes at this problem from another direction, I acknowledge—in terms of the things people were taking and the consequences of that, and then a concern that this may also be leading to perhaps some unnecessary cost to the government. So there was a dual benefit to looking at these issues, one in terms of the patient having better health, but, secondly, in terms of reducing unnecessary use.

I have got to say, having spent a lot of my career looking at older people's issues and working in home care, I can remember the first time a home nurse told me about 25 years ago about the number of times she went into homes, opened the bathroom cabinet and virtually had the entire cabinet fall out on her—some were pink pills and some were green pills but they were the same drug, some were over date, some were not over date, some were being taken, some were not. Whether that were deliberate on the person's part or not, you would not want to ascribe a motivation.

Senator ALLISON—I am not taking issue with the steps to alleviate that; I think it is a very sensible thing to do. My question, though, is the extent to which the assumptions that are made about whether or not it is deliberate stockpiling, that is, getting two scripts filled where one might do. For instance, what assumptions have you made about the wastage associated with adverse reactions? Some people will have a whole bottle and take two, have an adverse reaction, and the rest is wasted.

Ms Halton—I think the answer to that is—and I could be corrected by my colleagues—that we do not have a very detailed and precise statistical model into which we feed a range of assumptions about, exactly as you say, adverse reactions and all the rest of it. But there is a sufficient body of evidence that in some homes there are more drugs than at a particular point would be desirable. There is a term that is used rather broadly, which is about stockpiling. Some of that may be deliberate; for example, when people get towards the end of the year and safety net considerations are relevant. Some of it may just be a product of circumstance. We know that that goes on. The programs we have funded looking at patient welfare demonstrate to us time and time again that those programs actually are well targeted and having an impact. I am looking for a correction if I am wrong, but I am not aware that we have built a statistical model.

Ms Blazow—No, we do not have one.

Ms Halton—That is very difficult to do.

Ms Blazow—About your comment on adverse reactions: if people have an adverse reaction to a drug, they really should take it back to their pharmacy. In fact, there is a notification system about adverse reactions. We encourage people to do that rather than simply put the drug in the cupboard and forget about it. They should let the doctor know also that they have had an adverse reaction. So it is actually quality use of medicine to do something about the adverse reaction. We encourage people not to just put the drug back in the cupboard and forget about it. And there is a disposal system at every pharmacy where drugs will be gathered, collected and disposed of safely.

Senator ALLISON—Are you able to judge the level of success of that program, the level of compliance? This survey would suggest that people do not know about it and do not do it.

Ms Halton—Are you talking about adverse reactions or disposal? In terms of adverse reactions, we actually think our notification system works quite well. If you take how quickly we were notified, for example, about people's reactions to Travacalm, we were notified of those and moved very quickly as a consequence. There is a bulletin that comes out regularly; all of the doctors would see that bulletin. I think that has quite a wide level of recognition.

Certainly our experience would be that our adverse reaction notification system does work well.

Senator ALLISON—I am not challenging whether the reaction system works well or not; it is just how this plays out in the whole question of whether we are talking stockpiling or whether there is something else going on for people who have drugs at home.

Mr Rennie—Senator, if I could take your question on notice, I can provide you some data on the amount of medicines that are being returned to pharmacies through a Commonwealth funded program for return of unwanted medicines. There has been a dramatic increase in the amount of medicines being returned through pharmacies through this program.

Senator ALLISON—Is that data available?

Mr Rennie—Yes, I will provide that.

Senator ALLISON—That would be good. I think that is probably all I need to ask about that. Mr Rennie, is the survey that you referred to earlier available?

Mr Rennie—I think it is about to be published in the *MJA*. But there is reference to it in the *Pharmacy News* trade magazine and a summary. It is from the Victorian College of Pharmacy. I can get those details to you, if you like.

Senator ALLISON—Okay. The Health annual report—I do not have it here in front of me—talks quite a lot about the overuse of doctors. Can I ask about the assumptions that drove that comment—what studies have been done, what quantification—

Ms Blazow—Have you got a page reference in the annual report?

Senator ALLISON—No, sorry. I did not bring it up with me. I think it is in the overview.

Ms Blazow—I cannot find the reference.

Ms Halton—I cannot say that I can find it.

Senator ALLISON—You are not surprised that it is there?

Ms Blazow—We need the context.

Ms Halton—I have to say that I am surprised if you think there are references all through here, because when I read it that was not something that struck me. If you can point me to the reference—

Senator ALLISON—Let me just ask you: do you believe there is an overuse of GPs?

Ms Blazow—No, I do not think we have got a view of that. I will ask my GP colleagues.

Ms Halton—It is hard to comment without the context.

Senator ALLISON—Okay. Maybe you can just indicate whether you think there is an overuse of doctors by people or not.

Ms Halton—Again, I think that would depend on the context. The general answer to that would be no. There may be some specific exceptions, though—

Senator ALLISON—In the context of GPs and bulk-billing, say.

Ms Halton—Again, I would want to see if there was a particular reference to which you were referring.

Senator Ian Campbell—Is there a reference in the report?

Senator ALLISON—Even if there were no reference, do you think there is an overuse of doctors where there is bulk-billing?

Ms Halton—You are asking for an opinion, Senator.

Senator Ian Campbell—There is bulk-billing everywhere. In what context?

Senator ALLISON—I have just given the context—where there is bulk-billing.

Senator Ian Campbell—There is bulk-billing everywhere in Australia.

Senator ALLISON—Okay. If it is not an issue, that is all right. When I find the reference I will mark it. My questions are around what the assumptions are.

Ms Halton—I do not believe there is an issue, Senator, which is why, I think, I am having trouble answering the question.

Senator ALLISON—Okay.

CHAIR—Could I remind senators that we are now an hour and a half behind schedule.

Senator ALLISON—I am finished.

CHAIR—I thank the officers for outcome 2. We will now move on to outcome 8.

[12.04 p.m.]

Senator McLUCAS—The last quarterly figures for private health insurance: I have got the global data from PHIAC. From that, there is a maintenance of coverage of 43.4 per cent. Does that data tell us how many of those people are holding just hospital cover, how many are holding just ancillary cover, and how many are covered by both hospital and ancillary?

Mr Hearn—I have a summary of the figures in front of me; in fact, the web site of the Private Health Insurance Administration Council does give that breakdown in detail. I can give you a quick summary of it now.

Senator McLUCAS—Please.

Mr Hearn—On 31 December the PHIAC figures show that 8.68 million people were covered by private health insurance and 8.28 million people were covered for ancillary services. Within the web site there is a subset that actually shows those who have ancillary without hospital cover.

Dr Morauta—But broadly speaking the two groups are coincident. There is a slightly lower national rate of ancillary cover compared to hospital cover. There is not a very big difference between the two groups of people. But we can get somebody to give us those figures. We will get that. Do you want to move on, Senator, and we will get back to you?

Senator McLUCAS—Yes, I do. There was an article in one of the papers this week that talked about changes in coverage in terms of age. What do we know about the movement within the different demographics that are covered by private health insurance?

Mr Hearn—Forgive me, that is a very broad question. In general—

Senator McLUCAS—I understand that there has been a decrease in the under-55s and an increase in the number of over 55s with cover; is that correct?

Mr Hearn—In general, as you look between the September quarter and the December quarter in the PHIAC data you find that is true. It is also the case that, if you compare coverage at the end of December with coverage in 2000, you find the coverage for the younger age groups grew by significantly more than coverage for other age groups.

Senator McLUCAS—Since the introduction of Lifetime Health Cover?

Mr Hearn—Yes.

Senator McLUCAS—But I think what the stats seem to say is that the drop-off for under-55s is considerably more, and there is a trending down for under-55s who have private health insurance. What I am trying to get to is: what is the extent of that? And, firstly, is it a trend that the department thinks is sustainable; secondly, have you done any analysis as to why there is this trend?

Mr Hearn—The PHIAC statistics that I referred to before do go into some detail on the participation rates by age group—that is, the people covered by the purchased private health insurance policies—and they do bear out the observation that you made. If you are asking whether the department is monitoring that, the answer is yes.

Senator McLUCAS—Yes, I am pleased that the department is doing so. Does the department share my concern about the change in the coverage? Because there is a distinct trend away from coverage by people under 55, and it would seem to me that the industry and the department should be quite concerned about what is happening to the cohort of under-55s. Have we looked at why?

Dr Morauta—I think there is a small decrease in that age group. It is not very large. The Lifetime Health Cover review that was tabled in parliament told us that the coverage of people aged 30 to 39 is now about 13 per cent higher than before Lifetime Health Cover was introduced. There has been a big movement up in that group as a result of Lifetime Health Cover.

Senator McLUCAS—That is not the point I am making; it is about the trend in the last 12 months.

Dr Morauta—I think there is a small decline in that group; that is true. We do not have the figures on that yet.

Mr Hearn—It is true that there has been a small decline in that group.

Senator ALLISON—Isn't it the case that increasing the numbers of members in that age bracket was one of the key performance indicators for the rebate?

Dr Morauta—In the broad suite of policies government had, Lifetime Health Cover was particularly important for that group, as was the rebate.

Senator ALLISON—So we went from having 89 per cent coverage of under-65-year-olds in 2001 down to 88.1 per cent last year—a drop of that order?

Mr Hearn—I can confirm that. What were the quarters you mentioned?

Senator ALLISON—I am talking about annual figures, rather than quarterly ones. The annual reporting initially had the benchmark at 89 per cent. That is the figure that I somehow remember. But in 2003 that dropped to something quite a lot less than that: 88.1 per cent.

Mr Hearn—By the end of December it was 88.1 per cent.

Senator ALLISON—Is that or is that not a key performance indicator for the success or otherwise of the rebate scheme?

Dr Morauta—It would be more generally linked to the mix of government policies on private health insurance, which includes the Lifetime Health Cover and a number of other elements. I do not think it is just—

Senator ALLISON—The rebate; the Lifetime Health Cover; the whole package. I do not mean to just identify one bit of it. But is it correct that if there is no upward shift in that age group we have failed to deliver on a key performance indicator?

Dr Morauta—There are a number of indicators of success of this measure. We are looking up what the indicators we use are in the—

Senator ALLISON—It was dropped from the last annual report, but it was certainly in the one before that.

Dr Morauta—The main indicators we are using on the private health insurance rebate are private health insurance membership, hospital episodes delivered to private patients in public and private hospitals.

Senator ALLISON—But originally this was the age group that it was identified as being necessary to see an increase, rather than a decrease, in.

Dr Morauta—I think it is the broad balance of membership in the fund. You are right that the age groups being more balanced is a better outcome.

Senator ALLISON—Whereas in fact what these figures show is that there has been the biggest increase—despite what the minister might have said—not in the 20 to 29 age bracket but in the 54 to 70 age bracket, which has had a 22,000 increase in members.

Dr Morauta—I do not have the detailed figures. Different age groups move at different times in the year.

Senator ALLISON—I am looking at a graph produced by the Private Health Insurance Administration Council which shows the persons with hospital cover net increase/decrease by age group.

Dr Morauta—I have a table in front of me for the September to December quarter of 2003. Is that what you are looking at?

Senator ALLISON—Yes. The net increase from the December 2003 quarter was 24,944 persons.

Dr Morauta—I think that is right. Of those, 10,600 people were in the age group 20 to 24.

Senator ALLISON—Yes. And, if you combine the three age groups from 55 through to 69 you find there was an increase of 22,000 in those age groups.

Dr Morauta—Yes.

Senator ALLISON—So why would the minister suggest that the biggest increase has been in the 20- to 29-year-olds?

Dr Morauta—I think he was just taking it by the age group from the bar graph, which shows that is the biggest increase in a single age group.

Senator ALLISON—But he has coupled two age groups. The 20- to 29-year-olds are across two age groups, so why would he put those together and not put together the very significant increases in the over-55 age group?

Dr Morauta—I am not sure what piece of paper you are quoting from. We both have the same bar graph, but I am not sure what particular statement you are quoting from.

Senator ALLISON—The minister has combined the bar graph for the 20- to 24-year-olds with the 24- to 29-year-olds.

Mr Davies—The point for clarification is: in what forum did the minister do that?

Senator ALLISON—In his press release.

Ms Halton—At the end of the day, we probably cannot answer that question.

Senator ALLISON—I make the point anyway that the increase in the 20- to 29-year-old age group is less than half the increase in the next age group, which is obviously very substantial. Is that of concern? By the department's own objectives and performance indicators, is this age group likely to be presenting a problem in terms of distribution of members?

Dr Morauta—You get a lot of volatility between quarters in the different age groups. One of the things that happens is that, when young people—and I am not sure at what age this happens; 26, 25 or 24—move off their family cover, you get an increase in stand-alone membership for that group. People are moving from family cover to couple cover to single cover all through the year, and the volatility in this age group is often related to that.

Senator ALLISON—And would you expect the 10,815 shown on the graph to be in that category for that reason?

Dr Morauta—We not appear to have a very clear handle on that at this time.

Mr Hearn—I am afraid we can only speculate on the cause, because the numbers that are published by PHIAC are broad numbers collected in aggregate across all funds in all states and territories. If you look at the numbers for the end of June, you see a drop-off in that age group—presumably as students leave their family cover. Then six months later they join again.

Senator ALLISON—But, in this instance, is it likely that this would be students picking up cover, by virtue of a product now available from various private health insurers for students? I am not sure what it is called, but there is a student scheme where older children can be part of family cover. Does that explain those figures, at least in part?

Dr Morauta—We think the most likely cause of some of this is young people taking out their own personal insurance for the first time.

Senator ALLISON—Rather than being included in their family cover.

Mr Hearn—It is a reasonable hypothesis, if you compare June to December. The participation numbers in private health insurance are cyclical and tracking quarter by quarter you will see a pattern. You will see participation of young people fall in the June quarter, and we hypothesise that that is because of students moving off family cover. Then you will see the numbers increase again in December, presumably because those young people who have left the family cover have had a bit of time to think about it and have decided to take out cover on their own.

Senator ALLISON—Or they have come back as students.

Ms Halton—In a sense, I think this is understandable. You go through your education, you finish at the end of the year, you wander around for a few months and at some point someone in the family says, 'By the way, you're not covered by us anymore.'

Senator ALLISON—The quarter-by-quarter figures would indicate that participation goes up and down.

Ms Halton—Exactly, and by this time in the year they have done whatever it is they are doing—getting jobs or houses or whatever. This is quite predictable. They kind of reappear here.

Dr Morauta—I am not sure who was asking who had ancillary only and who had hospital only, but we can go back to that. For December 2003, a back of the envelope calculation from the row behind me suggests that we have 1.2 million people covered by ancillary only policies, 1.7 million covered by hospital only policies and 5.8 million covered by both.

Senator McLUCAS—I would like to ask some questions about the second tier default benefit and prostheses which follow on from some answers you provided to us at the last estimates. You said the proposal to delete the default benefit was under consideration at that time. Can you give me an update on that?

Dr Morauta—It is still under consideration.

Senator McLUCAS—How is that occurring? What is happening around the whole question of second tier default benefit?

Dr Morauta—The various parties have had discussions about the issue but there is no outcome at the stage.

Senator McLUCAS—Is that simply around a difference of opinion?

Dr Morauta—Yes, I think there would be differences of opinion on the matter.

Senator McLUCAS—So the answer is: status quo?

Dr Morauta—Yes.

Senator McLUCAS—Was the Australian Health Insurance Association asked to develop a paper outlining how a new system of funding prostheses may occur?

Dr Morauta—No, it was not the AHIA on its own. It was a collaborative effort between the people involved to develop a proposal that met the requirements set down by the government in the principles, which I think we tabled last time or provided to you on another occasion.

Senator McLUCAS—The report?

Dr Morauta—No, the principles. The government set down some principles and we asked the sector to come back to us and say how they would do such a thing, how they would arrange it. Those discussions have been fairly protracted and there is not a final resolution of how it would be implemented.

Senator McLUCAS—I might leave it there, since it is a no change situation. The withdrawal of alternative therapy benefits has been an ongoing discussion. I understand that the former minister asked the Australian Health Insurance Association to develop a framework—I think that was the language—around it. What is the progress on that?

Dr Morauta—They have been working on it, and we have been told that progress has been made, but no response has been provided to the current minister at this stage.

Senator McLUCAS—No response from the AIHA to the minister has appeared?

Dr Morauta—No.

Senator McLUCAS—That was more than 12 months ago, wasn't it?

Dr Morauta—No, I do not think it was that long. I will just find my briefing on it.

Senator McLUCAS—Maybe it is 12 months since the whole issue bubble up?

Mr Maskell-Knight—My memory of it is that it was in August last year that the question of alternative therapy arose.

Dr Morauta—It was on 16 September.

Senator McLUCAS—That is when the framework was proposed by the former minister to the AHIA?

Mr Maskell-Knight—Yes, that is when the minister asked.

Senator McLUCAS—But it had been bubbling around for some months before that?

Mr Maskell-Knight—I think you might be confusing the vexed issue of relaxation CDs, tents and so on, which had been bubbling along, and we had reached a conclusion around that point. Then the next issue was alternative therapies rather than CDs.

Senator McLUCAS—Do you have any indication of when the AHIA might respond to that request?

Dr Morauta—Quite shortly, I think. The way they do it is that they discuss it internally, and they tell us they are still working on it. We had a meeting with them; I do not know when the last board meeting was that we went to, but it was not completed at that stage.

Senator McLUCAS—I have a question about Medibank Private advertising. Perhaps I should just confirm that Medibank Private is here. Thank you. Chair, have we resolved the whole matter of Medibank Private coming to this committee, and is that discussion finished?

CHAIR—Finance and public administration have decided that it should be left here, but the department is still having a little say about that.

Senator McLUCAS—Are they here today?

CHAIR—Yes, they are right here now.

Senator McLUCAS—Perhaps I can just put on the record that I really think this is the appropriate committee for Medibank Private to appear before, and hopefully finance and public administration will stop trying to pinch it.

CHAIR—I do have to agree and I have expressed this view, because I think it is very difficult to have a debate about private health insurance without Medibank Private being present.

Senator McLUCAS—That is correct.

Senator ALLISON—And I also have some questions of Medibank Private.

Senator McLUCAS—It was reported that in November Medibank Private was going through a process of re-awarding its advertising contract. Can you tell us what occurred?

Mr Westaway—That is true. We had a selective tender process with respect to obtaining a new agency. That was undertaken. An agency by the name of DNA was appointed in mid-December. I will go through my notes and give you the exact date, but it was during the month of December. So we have a new agency on board, and the prior agency we did have is not the current agency. So effectively we ended our relationship with our prior agency and went through a selective tender process towards selecting a new agency.

Senator McLUCAS—How much is that account for?

Mr Westaway—We believe that is a commercially sensitive figure. Effectively, we have a relationship with our agency. The structure of that arrangement I would prefer not to go into—I think that is a fairly commercially sensitive question—other than to say that obviously there is a level of retainer and then there is remuneration based on work undertaken for various advertising campaigns and strategic advice they may provide our fund.

Senator McLUCAS—It said $10 million in an article in the *Australian*. Is that within the ballpark?

Mr Westaway—I understand which article you are referring to. We did not provide that figure to the *Australian*; that was a figure which the *Australian* came up with.

Senator McLUCAS—Can you tell me about DNA as an agency?

Mr Westaway—Absolutely. Effectively, DNA has three representatives. It is led by a gentleman by the name of John Poulakakis, who is from Campaign Palace but was related to the Saatchi & Saatchi advertising firm. The creative director from Saatchi & Saatchi, a gentleman by the name of Michael Newman, also came across. There is a third colleague. Effectively, three gentlemen head up that agency. Currently we are their sole clients; however, my understanding is that they are seeking other work. I could not really comment on what sort of client base they are looking for, but at the moment we are their principal client.

Senator McLUCAS—So they have no relationship with either Saatchi & Saatchi or M&C Saatchi?

Mr Westaway—No, they do not. That is a very important point. They made it fairly clear that they do not have a direct relationship in that respect. There was obviously some media speculation that there may have been that relationship. Again, you would have to ask that question to those representatives; it is not something that we can comment on. We were very

satisfied as an organisation that the process we went through was above board, and we are very confident that the agency we have selected is the right agency to take our fund forward in the advertising space.

Senator McLUCAS—I understand what you are saying when you say these questions should be asked of them, but surely you would go through that process too.

Mr Westaway—Absolutely, and we did; hence we selected that agency. They were the best. That is why we chose them.

Senator McLUCAS—When you say they do not have a direct relationship with M&C Saatchi or Saatchi & Saatchi, does that mean they were potentially former employees, former partners or whatever who have moved completely out of those companies?

Mr Westaway—I am happy to take that on notice and more than happy to provide you with the actual structure of that company, if you so wish, so that I do not trip over myself in going through the relationship. But we are very confident—and indeed very comfortable—with the relationship we have with that entity and that there is no direct relationship or any type of conflict of interest arrangements between them and any previous firms that the gentlemen worked for.

Senator McLUCAS—M&C Saatchi has MBF as a major client.

Mr Westaway—Yes, we understand that.

Senator McLUCAS—You must have been concerned about the potential conflict. I would like to hear something a bit stronger than that they 'don't have a direct relationship'.

Mr Westaway—I am happy to take it on notice and give a formal response which I think will satisfy you. Our fund are completely satisfied that we went through a process which obtained the best agency, and we are completely satisfied that there are no issues around conflict of interest in respect of work that some of those gentlemen may or may not have done with other people. We are very comfortable with the relationship we have. We issued a statement at the time, which I can happily table, which I think made our relationship and how we see it moving forward very clear.

Senator McLUCAS—When did DNA establish itself as a company?

Mr Westaway—I will take that on notice, because I do not know. I cannot give you the exact date of when they may have registered their company name, because these gentlemen obviously worked for previous entities. I will take it on notice to give you a formal answer in that respect. But they would have established themselves during the second half of last year. I cannot give you have the exact date; but I am happy to take it on notice and provide you with that.

Senator McLUCAS—The point that is concerning is that this article says that the account was to be awarded to a company that actually did not exist at the time.

Mr Westaway—They existed.

Senator McLUCAS—They did exist at that time?

Mr Westaway—Yes, they did.

Senator McLUCAS—So this is an incorrect report.

Mr Westaway—You should not believe everything you read in the papers.

Senator McLUCAS—I certainly don't!

Mr Westaway—We are aware of the article. We spoke with the journalist. We did not source the journalist with the information which he published. We did, however, make it very clear that our entity, Medibank Private, was very satisfied with the selection process and we were very satisfied with the agency we took on board.

May I just clarify something. You raised the issue of MBF in respect of Saatchi. MBF have publicly stated that they are satisfied that there is no conflict of interest. They did actually make a public statement to that effect. I thought it was important to get that on the record.

Senator McLUCAS—And it may have been in the *Australian* but not as prominently as the original article.

Mr Westaway—It may have been. The advertising media tend to have their own publications, which followed the issue with some interest.

Senator McLUCAS—I understand Medibank Private has made a statement about the number of people who have earnings of $30,000 or less. How many people does Medibank Private estimate have private health insurance who earn $30,000 a year or less?

Mr Westaway—Yes, we have made statements to that effect, and the Australian Health Insurance Association has also made some statements to that effect in various forums over the years. It is based on Australian Bureau of Statistics data which was originally done back in 1999. I can again give you the exact details of where that data came from in terms of the actual publication. The ABS asked some questions around whether or not people held or did not hold private health insurance, and then the ABS looked at that from the basis of what their level of income may be. We did publish some data recently in respect of that. It is our estimation that there are 1.1 million Australians who hold private health insurance coverage or who have private health cover and have an average level of earnings of $30,000 per annum or below. We also believe that at a minimum there are 1.7 million Australians who hold private health insurance cover and who are within a household income of $50,000 or less.

The ABS have not published data over and beyond this and in some respects we believe those figures could be somewhat conservative because 1999 was prior to the introduction of Lifetime Health Cover. There was obviously a surge of membership from about late 1998 or early 1999 through to that mid-2000, late 2000 period. So the mix of membership changed for funds such as ours. Medibank Private effectively doubled its membership during about an 18-month period through the Lifetime Health Cover period and somewhat following that. So our membership base changed. Clearly, as your membership base changes, the demographics can change by age and people's income levels could change as a collective group.

Senator McLUCAS—That is a very different figure from the government's figure.

Mr Westaway—I was not aware that the government had published a figure in that respect.

Senator ALLISON—Could I ask about the Harper report? That is not the document you have there?

Mr Westaway—Which Harper report are you referring to?

Senator ALLISON—The Harper report on the value of private health insurance.

Mr Westaway—Is that the report *Easing the pressure*?

Senator ALLISON—Yes.

Mr Westaway—That is the one that was released a couple of weeks ago—that is correct.

Senator ALLISON—What was the cost of that?

Mr Westaway—The actual cost of that report?

Senator ALLISON—Yes.

Mr Westaway—We have not published a figure on the costs of that. We think that is probably a commercially sensitive figure to give out.

Senator ALLISON—What sort of advice was received about the legality of Medibank Private conducting that kind of study?

Mr Westaway—We are comfortable with the studies that were undertaken and we commissioned that work. The reason we commissioned that work is that our members are very interested in the debate that has been going on about some of the private health insurance reforms which have been implemented over recent years.

Senator ALLISON—I am sorry; is this a long answer to say, 'No, we didn't take any legal advice about—

Mr Westaway—We take legal advice on a lot of matters, Senator.

Senator ALLISON—Did you take legal advice about the conduct of this study?

Mr Westaway—I will take it on notice to get a formal clarification from our general counsel. But, as I said, we take legal advice on most things that we do.

Senator ALLISON—That advice suggested that this was not contrary to the National Health Act, did it?

Mr Westaway—We believe it was not.

Senator ALLISON—Was there any consultation with your members about spending Medibank Private money on a study of this sort?

Mr Westaway—Our members crave information about how they see the health system operating. We do research with our members on a whole range of issues—from the look of retail centres through to how they wish to converse with our call centre. It comes through time and again, through both qualitative and quantitative research, that our members are seeking more information around the existing policy framework, as a number of them undertook private health insurance under the banner of either a 30 per cent rebate or Lifetime Health Cover.

Senator ALLISON—So you send this report out to people who ask questions of that sort?

Mr Westaway—Yes, we do.

Senator ALLISON—How many have been sent out to members?

Mr Westaway—We send the report out to members if they request it. It is on our web site; they can download it.

Senator ALLISON—How many hard copies have been sent to members?

Mr Westaway—I will have to take on notice the question of how many hard copies have been sent in recent days.

Senator ALLISON—What recommendations in that report directly relate to your members?

Mr Westaway—We did not author the report; Professor Ian Harper and Chris Murphy were the authors of that report. I think one of the key conclusions of it is that there is a strong underpinning sustainability in the private health insurance sector. I will not use particular terms, but obviously there is a lot of commentary on, and even questioning of, the sustainability of private health insurance. The report, from two very learned economists, shows that there is a sustainability in the system. It looks at the next 40 years plus. That shows that the system is sustainable and that people who are putting money into private health insurance are receiving a benefit for that.

Senator ALLISON—I asked you about the recommendations. What recommendations would be of use to your members?

Mr Westaway—As I said to you, one of the clear recommendations is that in 40 years time, according to Harper and Murphy, the level of the population that has private hospital insurance will be around 37 per cent.

Senator ALLISON—That is a prediction, not a recommendation.

Mr Westaway—They have done the economic work. They built a government health costs model to analyse that, and they looked at that against the intergenerational report released by the federal Treasurer a couple of years ago, which predicts a doubling in health costs which the Commonwealth will need to meet over the next 40 years. That puts question marks in people's minds around the sustainability of particular things. We think that is an important message to get out to members—that there is a sustainable platform for which they have been covered by entities such as Medibank Private—so that they can get some comfort.

Senator ALLISON—That is a reassurance; that is not a recommendation, with respect.

Mr Westaway—You could call it reassurance. You can crystal ball gaze over a lot of matters, quite frankly. I do not know how many sectors can put their hand on their heart and look into the future and see that their industry will remain in the state that it is currently in.

Senator ALLISON—Were there recommendations in this report?

Mr Westaway—Yes, there were.

Senator ALLISON—Which of those were of use—I will rephrase the question—to your members? Did you pick up on any of those recommendations or were they for the government or somebody else?

Mr Westaway—The recommendations were effectively for all Australians. It is on our web site and we published the information. Our managing director addressed the National Press Club, an eminent forum, on the issue about two to three weeks ago. We think it is an important matter. Health funding is an important issue. We have not been partisan in the way that we have done this report. What we did was seek some work that could identify what was going on.

Ms Halton—I will intervene here. I actually am not aware that there are recommendations in this report. We might come back to you on this subject, because, if there are, I cannot see them.

Mr Westaway—There are key findings.

Ms Halton—There are no recommendations. Is that correct?

Mr Westaway—Yes.

Ms Halton—So there are no recommendations in this report, Senator.

Senator ALLISON—The report is as relevant for other private health insurance organisations, presumably, given the title and the thrust of the report?

Mr Westaway—We believe it is.

Senator ALLISON—Why was there not an attempt for this to be a collaborative study? Why did Medibank Private have to wear the cost?

Mr Westaway—We felt it was important to commission the work, as the largest private health insurance fund. There are other reports commissioned by other organisations which undertake research in their various fields. On this occasion we decided to commission this work. It is not something that we do every day, clearly.

Senator ALLISON—As I understand it, the whole aim of Medibank Private is to use the premiums for the benefit of members. To what extent would you argue that that happened with this report?

Mr Westaway—There was a very minimal spend on this report.

Senator ALLISON—We do not know whether it was minimal or not, because you are not telling us.

Senator Ian Campbell—Surely a fund that is responsible for ensuring people's health needs is acting prudently to understand the environment within which it is operating going forward. I was not aware of this report, but I commend Medibank Private for taking this long-sighted view. It is not operating in a month to month environment. It is trying to give people some assurance that their health needs can be met going forward. That is why people make these decisions, and that is why I am not at all surprised when Mr Westaway says that members of Medibank Private crave information about their health care. People care about their health and their families' health and they obviously care about the sustainability of things like private health insurance, the Pharmaceutical Benefits Scheme and the medical benefits scheme. To me, it is quite obvious.

Senator ALLISON—This study applies not just to Medibank Private. What I am trying to ask you about, Mr Westaway, is the extent to which this has benefited Medibank Private

members per se. You are suggesting—and I am sure that is implicit in the title of the report—that this is about the value of private health insurance, not the value of Medibank Private insurance.

Mr Westaway—It is about the value of private health insurance as perceived by its members. Members perceive—

Senator ALLISON—If this is not specific to your members in your fund and is about long-term sustainability of private health insurance more generally, why is it the case that this is a piece of information that is commercial in confidence? What is it about the public knowing how much was spent on this study that is so sensitive?

Senator Ian Campbell—The question suggests that if NRMA did some research—which I am sure they do—about people's need to adequately insure their property or their vehicles or a whole range of issues around the sustainability of the general insurance sector they would be accused of doing research that should have been paid for by the whole insurance industry. These are the sorts of issues which would have occurred to them in the wake of the collapse of HIH. You are suggesting that they should not as major operators in the insurance sector prudently undertake research for the benefit of their own organisation operating in that sector. It is entirely appropriate for Medibank Private to be prudently looking after the interests of their members and their organisation, which are inseparable. The organisation is the members.

CHAIR—That is a particularly fair comment because it does apply to any organisation we have been running or involved in.

Senator ALLISON—Except that this one is government owned. There is a slight difference. Mr Westaway said there is a commercial in confidence issue associated with this. It is reasonable for us to ask Mr Westaway to justify that. You cannot just say it is commercial in confidence and give no reason why it is.

Mr Westaway—I am happy to take the question on notice and discuss the matter with our general council. I am not sure how much of our financial data we are required to provide to the committee each time we front up here.

Senator ALLISON—I will put it plainly. You have a charter. You are a not for profit organisation. You have an act under which you operate which requires you to act in a certain way. There is some question mark about whether doing a value of private health insurance study is doing the government's work for it or doing work which might be shared with the rest of the sector. The question is: are your members getting value for the money expended on this exercise? You understand why I am asking this question?

Mr Westaway—I understand.

Senator ALLISON—If your response is that it is commercial in confidence I think it is reasonable to ask why it is. Explain it.

Ms Halton—I have actually asked the same question. Would it be possible to revisit this a little later on? I am taking some advice on this question. If it would be acceptable to you, I would rather get the advice and then come back and discuss it.

Senator ALLISON—That would be acceptable.

Ms Halton—Thank you.

Senator ALLISON—I have a parochial question on private health insurance. The premiums that were reported in the last 24 hours or so for private health insurance were at very different levels, even within private health insurance companies, from state to state. Does the department have a view about those differences? Are they justified? Are some states, like Victoria, copping higher premiums unreasonably?

Dr Morauta—I think there is a lot of variation between premiums because there is a lot of variation between products, both across the scope of products—

Senator ALLISON—So can it all be attributed to product and the fact that some things are offered in some states but not in others? I am not sure whether this was the case in Medibank Private across the board but there were some companies that offered their products in each state but the premiums were very different.

Mr Maskell-Knight—There is an underlying issue around the structure of the hospital industry as well. Some states have historically had very large private hospital sectors, and other states have had much smaller ones. As a result of the way funds contract with private hospitals and have chosen not to contract with public ones, they pay more in the private sector than they do in the public sector. States like New South Wales and Western Australia, with a reasonably underdeveloped private sectors, have lower premiums than states like Victoria and South Australia do.

Senator ALLISON—Is that because members go to public hospitals in those states more than they do in Victoria, for instance?

Mr Maskell-Knight—Yes.

Senator ALLISON—Has any work been done on the figures associated with your assessment?

Mr Maskell-Knight—I am not sure what you mean. The funds which operate nationally keep essentially separate sets of books, state by state. They are required to do that because they contribute to the reinsurance arrangement state by state. So I have no reason to believe that it would be in the interests of a fund operating nationally to try and put up their premiums in a state where premiums are higher in order to subsidise another state. They would just lose market share.

Senator ALLISON—To what extent are the funds obliged to inform their consumers about the likelihood that they will be able to use private hospitals in that state? Is there any requirement on disclosure of the level of availability of private hospitals where that is limited?

Mr Maskell-Knight—I do not think it is so much that access is limited. As to what the funds offer, the funds say, 'If you go to a private hospital you will get X, and if you go to a public hospital you will get Y. In any event, you will get the doctor of your choice, and we will pay for that as well. We will pay for relevant prostheses items,' and so on. I am not sure that it would be possible to make any sort of meaningful statement about the likelihood or otherwise of going to a private hospital in a particular state. A lot depends on what the patient has the matter with them, where they live, where their doctor works and how urgent the situation is. There is a whole range of complicating and confounding factors.

Senator ALLISON—I am sure it is complicated, but I think a comparison with other states—some sort of rating system—would be interesting. I will just leave that hanging.

CHAIR—That finishes outcome 8.

Mr Westaway—In respect of an earlier question, I can provide the figure for the collaborative nature of that research. All up, including the health cost model which was undertaken, it was a figure of $120,000.

Proceedings suspended from 12.54 p.m. to 1.49 p.m.

CHAIR—We shall now move to outcome 3, Enhanced quality of life for older Australians, and questions from Senator Forshaw.

Ms Halton—Before we start, Senator Allison asked a question about per capita data. You might recall she was asking about per capita Medicare and MBS and PBS data. There are two sets of figures that we already publish. I have only got one copy of each, for which I apologise. But these are actually published, including on the web site. So I thought, rather than come back to her later, I can hand these in. They have the references on them, so if anyone wants to pursue them they can. I am sorry to interrupt.

CHAIR—Thank you, Ms Halton. Senator Forshaw?

Senator FORSHAW—Could I commence by asking some questions regarding the very recent announcement by the Salvation Army that it will be selling off some 15 of its 19 aged care facilities around the country? Firstly, will it be the case that all of those facilities will be sold as an ongoing aged care facility—in other words, that it will continue to operate under new ownership?

Mr Mersiades—The advice we have received from the Salvation Army is that its expectation is that they will be sold as going concerns.

Senator FORSHAW—Is there some way in which the department or the government would be ensuring that that would be the case, so that they do not end up—and I am just speculating, of course—being sold and redeveloped into some other form of property?

Mr Mersiades—If a change involves a transfer of places somewhere else, the department has a role in that regard in approving those transfers.

Ms Halton—Or not as the case may be.

Senator FORSHAW—All right—or not. That is what I am trying to get at, Ms Halton. How can we be certain that at the end of this process there will still be at least 15 aged care facilities continuing to operate and that they will be those specific facilities at those locations? Can we be certain of that?

Mr Mersiades—One of the considerations we take into account is the impact of any transfer on the planning regime we have in place, which is designed to ensure as best we can easy access to facilities across the country. We will have a look at the impact that sale would have on the availability of places in the particular region.

Senator FORSHAW—Am I right therefore in assuming that the process effectively from the department's perspective is a reactive one, that it depends, firstly, upon whether the facilities are sold and under what conditions they are sold? Or is there scope for the

department, the government, to step in or be saying right at this stage, 'We expect and, in fact, we require those facilities to continue to operate as an ongoing concern and that they should not be sold for any other purpose'?

Mr Mersiades—The operators run independent businesses. Essentially, you are correct; we respond to situations as they arise and apply the provisions of the act accordingly.

Senator FORSHAW—Yes, I just needed you to confirm that. You cannot guarantee that those facilities will be sold as ongoing concerns, can you?

Mr Mersiades—As I said, we have provisions in the act which we will take into account in assessing each instance.

Senator FORSHAW—Yes, but you cannot stop the sale?

Ms Halton—We should be clear about this: in terms of the transfer of those beds, those beds may not be transferred other than with our agreement.

Senator FORSHAW—Yes, but that is not quite what I am asking. You cannot stop the sale of the property, can you?

Ms Halton—If you are talking about the physical infrastructure with residents in it, the reality is that we do have responsibilities in terms of the welfare of those residents. In a hypothetical sense, if there is a desire to close one of those facilities and there are residents in those facilities and beds in play, then we do have a role.

Senator FORSHAW—I do not specifically know about each of the facilities in detail. Have you been assured by the Salvation Army that—did you say you expect them to be sold as ongoing concerns or is it the position of the Salvation Army that they will sell them only as ongoing concerns?

Mr Mersiades—They have advised us that their expectation is that they will sell them as going concerns.

Senator FORSHAW—When was the department first made aware of the decision of the Salvation Army to divest those facilities?

Ms Halton—We received correspondence from the Salvation Army, I believe, in July of last year. That correspondence was preceded by a telephone call to me from a senior person in the Salvation Army saying that they wanted to write in relation to a particular matter. I have not got it here with me, and it is probably a bit hard to track down exactly when the call was. But in terms of correspondence, it was the middle of last year.

Senator FORSHAW—What was the nature of that correspondence? Specifically, was it an indication of an intention to divest these properties or these facilities?

Ms Halton—We would have to go back and have a look at it. My memory of it—and I am therefore paraphrasing—was that it talked about their desire to focus on their core mission and managing that through a change in the mix of what they did, but that they needed to be very conscious—and they were very conscious—of the need to ensure that those services were maintained and, very importantly, that the residents continue to receive care.

Senator FORSHAW—When the department became aware that there was a likelihood that the Salvation Army would dispose of the facilities, is the best way of putting it—and

whether or not the government or the department sought to address reasons for that pending decision—did you enter into discussions with the Salvation Army about whether or not they might be able to find some way of continuing to operate the facilities, because I understand one of the reasons they have put forward is due to increasing financial pressures?

Ms Halton—I can say that in the initial phone call I had from David Eldridge, a Salvation Army captain who has since gone to the United Kingdom to work but is probably well known to most people, the conversation with him went to the review of where their core mission was. In fact, in that conversation—and of this I am absolutely confident, because we talked about the mission of the Salvation Army and what it was designed to do—his expressed reasons to me were in relation to them going back to their core mission and that there were other providers and people for whom this particular kind of work was more of their core mission. Ms Murnane might be able to recall. She subsequently met with a number of people from the Salvation Army.

Ms Murnane—I met with Major John Dalziel and colleagues of his on a number of occasions. There was also correspondence, and what they put to me at that time was that they had come to a decision that their mission lay primarily with disadvantaged people. When they started in residential aged care, their role was primarily with disadvantage. Aged care have since moved and they have since moved. Indeed, I heard Major Dalziel on the radio early this morning and the words he used were that they drifted into mainstream provision of aged care.

Now, it is true that this morning on the radio he said they felt they were at a juncture because the requirements for improvement that are to come into place in 2008 would require them to spend additional money, but this morning he did not say that was the cause. My memory is—and I would go back to notes and to correspondence to check—when I had a series of discussions with him last year and when subsequently there was ongoing work between the Salvation Army and our Victorian office the issue of funds, if it did come up at all—and I do not recall it—was certainly secondary to their putting their focus where they considered most need was and where their primary mission was. And that is what he said, in essence, this morning on the radio.

Senator FORSHAW—I appreciate there are requirements on the department, first and foremost, to consider the situation of the residents, but how will you ensure that their rights are protected in this process? For instance, with the existing arrangements or contracts they might have with the home, how will they end up not being disadvantaged as a result, either by moving to another facility or by changes in the nature of the facility with a new operator?

Ms Murnane—Senator, at the first discussions that I had with Major Dalziel, I really did not have to put to them that the approval for a new provider lay in our hands and our primary consideration would be the care and the interests of the residents. In fact, they put that to us and said that was the way they were going to judge a proposal that they then hoped would come forward. They wanted to work closely with us in the course of developing that proposal. That proposal in fact did not go ahead and now they have decided to go to tender. The exact reasons for it going ahead I do not know, but there are two things in answer to your question and Mr Mersiades could elaborate on these. One is that we hold the power under the Aged Care Act to approve or not to approve transfer to another provider.

Senator FORSHAW—We discussed this at some length.

Ms Murnane—And, two, the Salvation Army themselves were insistent that that was going to be their consideration. They did want to move out, but it was not at any price. They were going about this very carefully, in an orderly and methodical manner, to work through the issues. What they have subsequently done has certainly convinced me that they are totally sincere in that.

Senator FORSHAW—I am not suggesting they would not be sincere. I think anybody would appreciate and expect that the Salvation Army would be taking that approach, but what we are dealing with here is the likelihood of new operators—what guarantees they might be able to give and, furthermore, that they can be kept. What role would the department play in the tender process, if any? If tenders come in, as you expect, to the Salvation Army, do you have a role in advising who might be an appropriate purchaser and who may not be in terms of the care of the residents?

Mr Mersiades—Our primary role revolves around the act's provisions on approved provider status, and therefore our role would be to ensure that prospective purchases meet the criteria under the act dealing with approved providers and key personnel.

Senator FORSHAW—So you would have a specific involvement in doing that in conjunction with the vendor or the Salvation Army prior to their making a decision about which tender to accept?

Mr Mersiades—Indeed. The act requires them to apply to us to transfer the places and there are time limits associated with that.

Senator FORSHAW—Are you able to indicate whether or not they would be sold in total to one operator or could we end up with different owners of different facilities across the country? I have to ask you these questions because I cannot technically ask the Salvation Army these questions here. I think it is important. Do you have any expectation about that issue?

Mr Mersiades—I do not have any expectations on that, Senator. It could go either way.

Senator FORSHAW—Does the department have a preference?

Mr Mersiades—Our preference is to ensure continuity of care for the residents and that services are accessible.

Ms Halton—And that they are of high quality.

Senator FORSHAW—Oh, yes. I am not doubting that. This is a very important point, I think. One could envisage, for instance, certain organisations from the non-profit sector or private operators who might be interested in purchasing a number of facilities. Is the Salvation Army tendering on the basis of all the facilities as one sale or are they putting them out to tender on the basis of each specific facility?

Mr Dellar—The Salvation Army have put on their web site quite a detailed series of questions and answers about precisely those sorts of things. What I can tell you from that web site is that their stated preference is to sell the entire facilities as a single lot, but what they

have said is that it is not necessarily where they will end up. It is a question for them to make as part of their business decision process.

Senator FORSHAW—Okay. Can you guarantee that the residents in these current facilities will not be forced to move to another location? Yes or no?

Mr Mersiades—In the long term, no, I cannot guarantee that.

Senator FORSHAW—Okay. Can you guarantee that the level of care in the facilities will not be reduced—that is, in the current facilities, assuming they continue to operate?

Mr Mersiades—We would be concerned to ensure is that the current provisions of the act as they apply to all residents of all homes in the country will equally apply to these homes and successive approved providers operating from those homes.

Senator FORSHAW—Let me put to you, for instance, that there would be a specific level of staffing in these facilities at the moment. Can you guarantee that any new operator would at least maintain the current staff-to-resident ratio, for instance?

Mr Mersiades—Under the act the new providers would have to satisfy via the standards, and how they did that, they have some flexibility around that including as to appropriate staffing levels and the like.

Senator FORSHAW—There is no minimum requirement?

Mr Mersiades—That is right, yes.

Senator FORSHAW—What will the department do if there proves to be no interest or prospective buyer for one or all of the facilities?

Mr Mersiades—That is something that we would have discussions with the Salvation Army about. A lot depends on how they view their situation should that position arise.

Senator FORSHAW—Do you have an idea of the time frame involved in this proposed sale?

Mr Mersiades—Again, I think the question and answer material on their web site has some information on that. Mr Dellar might be able to—

Mr Dellar—The Salvation Army web site suggests that the tender process will take place around April this year and then following that it will take its course. As to when it is concluded, I really could not say.

Senator FORSHAW—I move on to another issue which is just a follow-up from previous estimates. We asked questions about this back in June and I think we asked questions in November last year as well regarding a review of the planning ratio. You might recall that the minister in an answer to a question without notice in August last year said that one of the matters that the department was currently looking at is the actual formula by which the distribution of aged care planning ratio is made. But in June last year—prior to that—we had been told at estimates that there was not any real planning ratio review going on. Can you clarify whether the department has undertaken a review of the aged care planning ratio since June, August or November of last year?

Mr Mersiades—Senator, we have not taken a full review. In answering these questions on previous occasions I emphasised 'formal' in the sense that it was a formal terms of reference process of consultation. It was in the context of when we were talking about the pricing review and the formality associated with that. That said, it is not unusual for us to be on a regular basis assessing the policy parameters and other parameters to do with our various programs. So in that sense there would have been some work going on from time to time looking at aspects of the ratio.

Senator FORSHAW—So the answer is there is no formal review?

Ms Halton—Correct.

Senator FORSHAW—I have a number of questions that I want to go through relating to specific issues which should not take too long. Then we will come to some issues regarding specific facilities where we think we will need the agency to be present. In respect of aged care statistics, we asked a question in November last year requesting statistics that the department used to base the allocations of aged care places for the 2003 allocation round. We were told in the answer that they are based upon ABS statistics and that we could obtain those projections from the ABS. Can you give us the figures rather than give us an answer that says, 'Go to the ABS and have a look at series C of the 1998 Australian Bureau of Statistics population projections and then consider that in the light of the ABS bureau of statistics population projections by SLA (ASGC 1996-1999-2019)'.

Mr Mersiades—Senator, I do not have those figures with me today.

Senator FORSHAW—Do you have them in the department?

Mr Mersiades—Yes.

Senator FORSHAW—Can they be supplied?

Mr Mersiades—We have them in the department.

Senator FORSHAW—Why were they not given to us when we asked for them last year?

Mr Mersiades—I can take that up for you.

Senator FORSHAW—So the answer is you thought if we just accepted the first answer, fine, but you have the information, anyway?

Mr Mersiades—We have—

CHAIR—No, that is not the answer. That is putting words into the officer's mouth. I am sorry, I will not have that.

Senator FORSHAW—I did not put anything—

CHAIR—That is not what the officer said.

Senator FORSHAW—The officer said they have the information. You do have the information, don't you?

CHAIR—The officer did not say, 'We hope to give it to you and shut you up', which is effectively what you said.

Senator FORSHAW—Chair, you are now trying to verbal me. You are accusing me of verballing the witness and you are verballing me.

CHAIR—You know what you implied of the officer.

Senator FORSHAW—And I do not resile from the position. What I am putting to the officer—

CHAIR—That is not what the officer said.

Senator FORSHAW—is that we were provided with an answer to a question which said, 'You can obtain the information from the Australian Bureau of Statistics', but we are told today that the department itself has the specific calculations that are derived from the ABS statistics. If I needed to ask the ABS for a series of statistics I could have done that. We asked you specific questions about what the department's basis of calculations were. You have that information, Mr Mersiades?

Mr Mersiades—I can take this up for you.

Senator FORSHAW—I would appreciate the information and the statistics. Can we be supplied with the aged care stock take figures of provisional places and actual places as at the end of 2003?

Mr Mersiades—Yes.

Senator FORSHAW—Do you have them today, or you will have to take that on notice?

Mr Mersiades—We can table them today. We can table them now.

Senator FORSHAW—Sorry, I did not hear you. Do you have them now?

Ms Halton—We think so. We will just check that.

Senator FORSHAW—We will move on. Mr Mersiades, could you supply data to the committee that outlines the proportion of not-for-profit private providers in the aged care sector? I am here talking about facilities, firstly, and also about bed places compared with the for-profit private providers on an historical basis. Can you do that?

Mr Mersiades—Yes.

Ms Hart—We provide information in the annual report on the operations of the Aged Care Act. It is set out—and I can copy this or pass it around to you—on page 29 according to the percentage ownership by sector; by religious, charitable or community; state and local government; and private as an overall breakdown of ownership within the aged care sector.

Senator JACINTA COLLINS—What year is that?

Ms Hart—The table I am looking at compares the base year as 1996-97 to the last financial year, 2002-03.

Senator FORSHAW—You say that it is in percentage terms.

Ms Hart—Yes, it is set out in percentage terms. I can get other—

Senator FORSHAW—Can we have a look at that? I have not brought that with me.

Ms Hart—Yes.

Senator FORSHAW—Does that tell us anything about the trend in allocations, for instance, in respect of high care places—whether or not, for instance, there is some change in the proportion between the profit sector and the not-for-profit sector in the allocation of high care places?

Mr Mersiades—No, I think what the figures—

Senator FORSHAW—I think you understand what I am getting at.

Mr Mersiades—What the figures tell you is what the distribution was at particular points in time.

Senator FORSHAW—Yes.

Mr Mersiades—If you are talking about recent allocations—

Senator FORSHAW—I am talking about over the period, let us say, 1996-97 to today. Can you discern any trends, for instance, out of those allocations as to what is happening in one sector in regard to high care beds compared to the other sector?

Mr Mersiades—In 1996-97 the percentage share of the religious, charitable or community sector was 62.5 per cent and in 2002-03 it was 63.3 per cent.

Senator FORSHAW—That is of the total sector?

Mr Mersiades—That is right.

Senator FORSHAW—But is that high care or low care?

Mr Mersiades—No, that is total places. I do not have the figures available broken down by high and low care.

Senator FORSHAW—Can you do that?

Mr Mersiades—We could take that on notice. I am not sure how difficult it would be to extract it, but we will take it on notice.

Senator FORSHAW—Because there are some specific trends that we would like to look at to see whether there is a discernible change—I will expand on this with a question on notice. I am interested in ascertaining, for instance, have we seen a greater growth in the allocation of high care beds in one particular sector as against another over the period of time.

Ms Halton—We are happy to have a look at that for you. I would have to say my experience again—many years ago when I was running aged care—is that those figures do fluctuate. One round it will be one set and another round it will be another. But we will have a look at the figures and we will come back to you.

Senator FORSHAW—It has been put to me—and I know to others—and it is an observation from people in the sector that you would find that a majority of the high-care places are now going to existing facilities through expansions of those facilities rather than to any new facilities that are being built and that mainly the new facilities that are being built are more focused upon low-care residents than high care. Do you have a comment about that observation? It is anecdotal, I must say, but it is something that I have heard.

Mr Mersiades—It is driven in part by the proportion of low- and high-care that we allocate from year to year. As to your hypothesis, I would really have to look at the numbers to see whether it is correct or not—whether it stands up or not. I am not sure.

Senator FORSHAW—That is what I am trying to ascertain. It has been indicated to me by a few people that this is a trend and there is some anecdotal evidence for it. It could well be an issue of concern if, for instance, we have found that new facilities were focusing more on the low-care sector, expecting the existing facilities to pick up those in the high-care category.

Ms Halton—We do need to be a bit cautious—

Senator FORSHAW—I am trying to be cautious. I am not trying to make a value judgment here, but I think you understand.

Ms Halton—I do absolutely and the point that I was going to make was that sometimes when we are having rounds—allocations—we try to achieve particular policy objectives, say, for example, small homes expanding their numbers, thinking about geographic distribution, thinking about particular target groups, et cetera, et cetera. I think one needs to be a little cautious, when we dig out the data, about the data because sometimes there will be other policy issues that will be reflected. I think that we will need to give you some description about what else we were doing at the time, because sometimes that will be the reasoning behind the way that numbers have come out. Sometimes if you just look at the straight numbers you will come to a false conclusion, I suppose is what I am saying. We will look at the data and we will give you something.

Senator FORSHAW—Thank you. I have some other questions which I will put to you on notice, because I am conscious of our time today, regarding the numbers and proportions of residents at each of the various resident classification scales. Can I ask about resident classification and scale reviews. In November we were told that some 12,200 reviews took place in 2002. We asked how much it cost the department to undertake the reviews. Of course, it was taken on notice, from memory, but I do not think that we have an answer as yet.

Ms Bailey—You have not received an answer—

Senator FORSHAW—If we have, it may have come in in the last day or two.

Ms Halton—We have asked everything that was on notice.

Senator FORSHAW—Do you recall the question?

Ms Bailey—Yes, I do. The answer was $7.6 million.

Senator FORSHAW—Have you got the reference number for that question?

Ms Bailey—E03-178.

Senator FORSHAW—Thank you. I turn to the pricing review by Professor Hogan. There were some media stories in December last year about the Hogan review—suggesting various proposals that were contained within Professor Hogan's review. At that stage the report had not been made public and it still has not been. When did Professor Hogan present his report to either the minister or to the Prime Minister, or both?

Mr Mersiades—Sorry, I missed that question.

Senator FORSHAW—When did Professor Hogan present his report to the minister or the Prime Minister, or both, because I am not sure who has it? I understand that the Prime Minister has got it, but we are not sure whether the minister has got it.

Mr Mersiades—I think the minister mentioned in an answer to the House recently that the government has been provided with an interim report. I cannot give you the date when that was provided. I do not know. I have not got that information available to me.

Senator FORSHAW—The government has got an interim report.

Ms Halton—I think she actually said that it was an outline of Professor Hogan's thinking.

Mr Mersiades—It was a draft outline of his thinking; it was a draft interim report.

Ms Halton—We are both correct.

Senator FORSHAW—The minister said this when?

Mr Mersiades—On 12 February.

Senator FORSHAW—In a question in the House, was it?

Mr Mersiades—Page 24472, *Hansard*.

Senator FORSHAW—You see, my notes say that on a number of occasions the Prime Minister stated on radio in interviews that the government had received the report. I do not recall it being referred to as an interim report. For instance, on 4 February on ABC Radio, Mr Howard was speaking to Liam Bartlett. What is the nature of this interim report? What form is it in?

Ms Halton—Typed.

Senator FORSHAW—Is it a one-page or a couple-of-pages summary?

Mr Mersiades—I think one way to characterise it might be to say—

Senator FORSHAW—One way?

Mr Mersiades—that it is a draft outline of his thinking.

Senator FORSHAW—A draft outline of his thinking?

Mr Mersiades—That is how the minister described it.

Senator FORSHAW—Is it a report or is it not a report?

Ms Halton—It is not yet a report.

Mr Mersiades—It is not a final report.

Senator FORSHAW—It is not a final report?

Mr Mersiades—No, it is a draft.

Senator FORSHAW—How big is this document? How many pages?

Mr Mersiades—I do not know how many pages it is.

Senator FORSHAW—Does anyone in the department know how many pages this report is?

Ms Halton—It was about that thick, but we will have to count.

Senator FORSHAW—So it is just a few pages, is it?

Ms Halton—It is several. It is not a house brick.

Senator FORSHAW—The expectation was that this report would be finalised by the end of last year—the report, not some outline of the professor's thinking. Was Professor Hogan commissioned to write a report?

Ms Halton—It would be helpful if we tabled the minister's answer in the House, because it does go to precisely these issues. You will see, if you read this answer, that the minister, in response to a question, indicated that Professor Hogan had asked her for an extension of time because he had received some 912 financial submissions, which she observed 'is an extraordinary response from the industry'. She then said, 'He asked for further time in which to consider those financial submissions. Of course I agreed to an extension of time; it would be irresponsible not to have done so.' That is the answer that the minister has given in the House. I would be happy to table that.

Senator FORSHAW—Was there any indication as to why the professor has provided an outline of his thinking, rather than just provide the report, which is what I understood he was commissioned to do and paid to do?

Mr Mersiades—He wrote to the minister asking for an extension in his reporting time.

Senator FORSHAW—Yes, an extension in his reporting time?

Mr Mersiades—That is right, which suggests he had not completed his report.

Senator FORSHAW—So why has he presented an outline of his thinking? He was asked to produce a report for the government.

Ms Halton—He was. And he then asked for an extension. I think it is not unreasonable to say that, as part of the process that he is going through in terms of finalising the report, he was asked to give us some indication of progress, which is what he has done.

Senator FORSHAW—Was he asked to provide you with some indication?

Ms Halton—I will have to confirm that.

Senator FORSHAW—You have just made the statement, Ms Halton.

Ms Halton—I said 'my understanding is'. But we will confirm that my understanding is correct.

Senator FORSHAW—Who asked for him to provide that?

Ms Halton—That I do not know, Senator. I am saying that is my understanding. But we will confirm that and come back to you.

Senator FORSHAW—Please do so.

Ms Halton—I might also add that particularly in big projects like this it is not unusual, in my experience—and I am sure my colleagues at the table would agree—to get some sort of a progress report during the course of such an exercise.

Senator FORSHAW—Would you call this a progress report?

Ms Halton—To the extent that it shows that the work is progressing, that we can have confidence that in the time frame in terms of the extension that was asked for we will actually receive a report, I think you could characterise it in that way. Essentially, the issue here is, I think as the minister indicated in her answer, that the project ended up being an extraordinarily large project. I do not know that any of us anticipated that, in relation to the call for information from the sector, 912 financial submissions would be received. The simple reality is that that takes a huge amount of time to analyse. And Professor Hogan, on my observation, is very diligently ploughing his way through all of that material. My understanding is that he thought to give all of that material the credit and proper attention it deserved he needed more time. Ms Murnane might disagree with me, I do not know.

Ms Murnane—I agree with everything you have said.

Senator FORSHAW—In those circumstances it would seem to be unusual to provide an interim report or an outline of thinking to the government which reflected conclusions that might be reached in the final report.

Ms Halton—I do not know that we said he had reflected conclusions.

Senator FORSHAW—But I am asking. Would you think that it would be unusual, given that he needed an extension of time to do this work, that any interim report that might be provided would be in a form that actually canvassed the conclusions and recommendations? It would be more in the nature of a progress report upon what work had been done and what remained to be done.

Ms Halton—Not necessarily. As this is a particularly complex area, people's thinking does develop as they spend more time contemplating the issues. Very often one finds—and I think this is not only just a habit of academics, but I think the rest of us find it, too—that the process of writing down one's thoughts about something enables one to crystallise and indeed have those thoughts developed further.

Senator FORSHAW—Do you know whether or not the interim report, as it has been described, includes recommendations about, for instance, future funding for the sector? Do you know if it includes that?

Ms Halton—My memory is that the interim report contains an indication of thinking in a number of areas. Precisely whether there was a particular recommendation, as you have put it, I think the answer to that is no, but Mary might be able to correct me.

Ms Murnane—I agree with that. In a sense, it would be unusual for somebody doing a report of this nature not to put their thoughts down.

Senator FORSHAW—Not to be what?

Ms Murnane—Not to put some of their thoughts down. But it is also—

Senator FORSHAW—It depends upon who gets them.

Ms Murnane—As the secretary said, that would be unusual. But it is also very difficult to actually talk about something that is in progress. There will shortly be a final report and then what we are saying will not be speculation; there will be a final report to talk about.

Senator FORSHAW—But why not just produce the final report as was originally envisaged?

Ms Murnane—You would have to talk to him about that. We would just be speculating.

Senator FORSHAW—No, I am asking because, you see, my recollection is that Professor Hogan was asked to go away and conduct this review and provide a report back to government. I do not ever recall him being requested to provide an interim report or a statement of his thinking.

Senator Ian Campbell—The department has given extensive reasons why Professor Hogan's final report has been delayed—an overwhelming number of submissions.

Senator FORSHAW—But apparently he has not written it yet. He has not actually finished it yet, Minister. That is what we are being told; that he has not actually finished the report.

Senator Ian Campbell—You have had very thorough explanations as to why. You can carp, whinge and whine about it if you want, but I do not think you are actually getting very far. You are beginning to saw sawdust, I would say.

Senator FORSHAW—I had asked about Ms Murnane a question, which she has probably forgotten.

Ms Murnane—I had not forgotten.

Senator FORSHAW—Sorry. I thought you might have because you were distracted.

Ms Murnane—You asked me why Professor Hogan had not just come up with a final report cold, and I said—and the secretary has already said—that it is not unusual, in fact it is highly usual, for people to work through things on paper and in an iterative way. But I said that beyond that I could not, because I would be reading into Professor Hogan's mind, which I cannot do.

Senator FORSHAW—Do you think it would be unusual in that situation to provide those thoughts to the person or the group that had commissioned the report in advance to consider them and then indicate which ones they liked and which ones they did not like, before the final report was written?

Ms Murnane—There is a lot in the question.

Senator FORSHAW—That would not be terribly academic, would it?

Ms Murnane—Unusual to do something for discussion—no, that wouldn't be unusual. But you are suggesting something else that raises a number of issues. I have no awareness at all and no belief that anything like that has happened or is happening.

Senator FORSHAW—Who received copies of this interim report?

Ms Murnane—I cannot answer that question, because I do not know a complete answer. We would have to talk to Professor Hogan about that. What I do know is that Professor Hogan works closely with the task force, and there were a very limited number of people in the department who had access to that.

Senator FORSHAW—Let me go back to what the Prime Minister said on 4 February in answer to a caller on ABC Radio in Perth. The question was—

'... are you able to advise if and when Professor Hogan's review into residential and aged care is going to be released and might that have any alleviation for capital raising for residential aged care providers?

PRIME MINISTER:

We've received the report and Cabinet will look at it very soon and then we'll be in a position to indicate what responses might be.

All of what you have just told me suggests that what the Prime Minister said there was not true, because apparently he has not received the report, and cabinet on 4 February, or shortly thereafter, was not in a position, and still is not in a position, to consider this report. Is that correct? Is the Prime Minister correct or is he not correct?

Ms Murnane—Senator, you are quoting from a transcript of an interview—

Senator FORSHAW—Yes, exactly, word for word.

Ms Murnane—With respect, I think you may have a semantic point, but I am not sure—

Senator FORSHAW—I do not think I have got a semantic point. This is the Prime Minister saying on air that he has got the report, the government has got the report, cabinet is about to consider it and 'we are about to indicate our response'.

CHAIR—Senator, you have asked the question twice. Can you now allow time for Ms Murnane to complete her answer and not interrupt her?

Senator FORSHAW—Excuse me, Chair, but Ms Murnane put back to me certain—

CHAIR—Will you allow Ms Murnane to answer?

Senator FORSHAW—Excuse me, Chair. Ms Murnane put back to me suggestions that the question I had put to her was a semantic interpretation. I am entitled to comment upon that response. I ask you: is it correct or not?

CHAIR—Ms Murnane was—

Senator Ian Campbell—Can I say that I fully endorse the response from the witness.

Senator FORSHAW—The Prime Minister needs protection now, does he?

Senator Ian Campbell—The witness is now being badgered. The senator has obviously gone up a dry gully and is getting frustrated by it. I can see his frustration rising, as he is now getting angry and badgering the witness. I think he should maybe try a new creek bed.

Senator FORSHAW—Ms Murnane, in relation to the Prime Minister's statement on 4 February that I have just read to you—or, Ms Halton, you might wish to comment or answer—is it correct or is it not correct that he had received the report and that cabinet was about to consider it?

Senator Ian Campbell—Madam Chair, this is now becoming totally semantic.

Senator FORSHAW—Am I going to get an answer?

Senator Ian Campbell—Madam Chair, it is becoming totally semantic.

CHAIR—Excuse me, Senator Forshaw.

Senator Ian Campbell—We have honestly described the situation as to the category of the report. You can call it an interim report, you can call it an outline report, you can call it what you want. But describing the senator's approach to this as semantic is absolutely accurate.

CHAIR—I do not think that there is anything further that anyone can add, Senator, so you can—

Senator FORSHAW—I think there is, Chair, and I will sit here and continue to ask this question.

CHAIR—Excuse me, Senator, I am speaking. I am speaking, Senator.

Senator FORSHAW—You are interfering. That is what you are doing.

CHAIR—I am sorry. You are not the Chair; I am. And you are interrupting everybody. Could you please keep your renowned temper under control and act with some dignity in this committee? If there is anything else that the officers or the minister at the table wish to add, then they may do so. They have indicated that there is nothing further they wish to add. So would you like to move on?

Senator FORSHAW—Chair, I will ask this question: I refer to the Prime Minister's statement on 4 February where he said—

> We've received the report and Cabinet will look at it very soon and then we'll be in a position to indicate what responses might be.
>
> CALLER:
>
> Thank you.

The ABC reporter then said—

> When do you think, Prime Minister? Any sort of timetable?
>
> PRIME MINISTER:
>
> Quite soon, like a few weeks we'll be looking at it.

I ask again: is that a correct summary of what has occurred—that is, that the Prime Minister and the government have been provided with the report?

Senator Ian Campbell—We started talking about a report nearly an hour ago, Madam Chair.

Senator FORSHAW—Chair, am I going to get an answer to the question?

Senator Ian Campbell—If you want to talk about an interim report or an outline report, then we agree that the government has a report. In fact, Ms Halton described the thickness of it. I thought you were going to then say, 'Does it have any colour pictures in it?' I am sure that if it was prepared for you we would have to have big pictures with very small words and big gaps in between. But we have a report and you are now being semantic. You are sawing sawdust and you are wasting the committee's time.

CHAIR—Senator, you have asked the same question three times. I propose that we move on. There is nothing further that is going to be added. Do you wish to move on, or we will move on to the next outcome?

Senator FORSHAW—Do you stand by your statement, Ms Halton, that what has been provided by Professor Hogan so far is a summary of his thinking?

Ms Halton—What I read to you was the transcript of the minister, Ms Bishop, in the House of Representatives, which I have offered to table.

Senator FORSHAW—Yes, and I have read the transcript of the Prime Minister's comments on the radio. Thank you. Can we just go to—

CHAIR—While Senator Forshaw is looking for that, Ms Halton, that you have kindly distributed this document *Total Allocated Places by State and Territory—31 December 2003'*. Would it be possible to obtain a list of places for the last 10 years in the same format?

Mr Mersiades—That stocktake arrangement was instituted only a couple of years ago, but we can show the growth in places over the years and we can give you that in that format for the years that we have been producing it.

CHAIR—Thank you. That would be very helpful.

Senator FORSHAW—I might just go back to one issue. You said earlier that the total costs—I assume it is total costs—for the RCS reviews was $7.6 million. Could you provide us with a breakdown of that amount?

Mr Mersiades—Yes. We would have to take it on notice. Do you mean—

Senator FORSHAW—How you arrived at the total of $7.6 million.

Mr Mersiades—Yes.

Senator FORSHAW—Thank you. I turn to some issues regarding some specific nursing home aged care facilities. Firstly, I start with the Chelsea Private Nursing Home in Victoria. I understand that this facility was inspected back in September 2003 and it passed 43 out of 44 standards. Is that correct?

Mr Brandon—Yes, that is correct.

Senator FORSHAW—What was the standard that they failed on?

Mr Brandon—Behavioural management.

Senator FORSHAW—Behavioural management. Can you be more specific about what the problem was with behavioural management at the facility?

Mr Brandon—I do not have the audit report with me so I cannot give any further information on the specifics. What I can tell you is that they failed expected outcome 2.13, which is headed 'Behavioural Management'.

Senator FORSHAW—Yes. This nursing home had previously been audited back in April 2000. Is that correct? Are you aware?

Mr Brandon—Yes.

Senator FORSHAW—Do you recall what happened on that occasion in respect of whether or not they passed all the standards or what the report was?

Mr Brandon—There were a number of expected outcomes found non-compliant by the assessment team at the time.

Senator FORSHAW—Was one of them behavioural management?

Mr Brandon—Yes.

Senator FORSHAW—And was there particular concern raised about residents unfortunately wandering the units and indeed that some residents had complained that other residents had entered their rooms and interfered with what they were doing?

Mr Brandon—I have no additional information about the review audit on 11 and 12 April 2000 other than to identify the areas where non-compliance was found by the agency.

Senator FORSHAW—What I just put to you, Mr Brandon, is the advice that I have received. You do not recall that concern being expressed? You are not aware of it?

Mr Brandon—I have no briefing on that. I am not aware of it.

Senator FORSHAW—Okay. Well, you might check that for me and let us know specifically if there had been that issue raised and whether or not it was reflected in the report. There was an unfortunate incident at this facility in October last year which subsequently resulted in a resident dying in hospital. That is correct, isn't it?

Mr Brandon—Yes.

Senator FORSHAW—Yes. Did the agency then re-inspect the facility subsequent to that incident?

Mr Brandon—We did an accreditation audit in September and made a decision on 28 October 2003 to accredit them for two years effective from 4 December 2003 and identified a non-compliant.

Senator FORSHAW—Sorry, but could you repeat that? You did an inspection when?

Mr Brandon—In September 2003.

Senator FORSHAW—Yes, I referred to that at the outset.

Mr Brandon—Yes, and accredited them for two years following that. In that audit we identified behaviour management as an area of non-compliance.

Senator FORSHAW—That is right, but I then referred you to the fact that there had been an incident subsequent to that in October in which a certain resident, a couple of days later after the incident, died in hospital. I then asked you if you did a subsequent audit or inspection of the facility. I understand the agency inspected it in November. Is that correct?

Mr Brandon—Sorry, Senator, I lost the dates. Yes, we did a spot check on 14 November and identified serious risk in behavioural management. That led us to do a full audit on 16, 17 through to 20 November where we identified serious risk.

Senator FORSHAW—Yes, and one of those issues was again behavioural management. Was that correct?

Mr Brandon—That is correct.

Senator FORSHAW—And how many standards did it pass on that occasion out of the 44?

Mr Brandon—On the occasion of the review audit, 19.

Senator FORSHAW—Can you explain why within a period of a couple of months there was such a huge disparity between the inspection in September 2003 and that in November?

Mr Brandon—We have a process in place where there is a change in the status or the compliance levels of a hoWme over a relatively short period. We review both audits to ascertain whether one or both were correct and, if there was failure, why there was failure. In this particular case we found that between the audit in September and the subsequent review audit, which we had initiated, there was failure in continuous improvement. Newly implemented systems had failed. The corrective actions in relation to the feedback we had given them in September and October had not been undertaken or were not effective. The level of monitoring was no longer satisfactory. There was a lack of information management. Some of the actions taken to address the required improvements in relation to behavioural management had not been effective and the home was not monitoring them. That is what we found had happened in between those two audits.

Senator FORSHAW—It was a couple of months—that is all. There was a huge difference. I find it hard to understand how a home can be inspected and pass 43 out of 44 standards in September when in November I think you said they passed 25. In fact, is it not correct that the inspectors passed them on 23 but the agency then revised that to 25?

Mr Brandon—In the process the assessors form a view and the agency takes into account what it knows, including submissions from the service and other things, and makes what I describe as a definitive view on their level of compliance.

Senator FORSHAW—But whichever it is—23 or 25—it is a big difference from the 43. Very sadly, what happened in between, as I understand it—I am conscious that this is still the subject of a coronial inquiry, so I do not want to canvass that too much—is that it is alleged that one resident entered the room of another resident and something occurred—an assault or something of that nature—and as a result the resident ended up in hospital and died. That is true, isn't it?

Mr Brandon—That is my understanding, Senator.

Senator FORSHAW—Yes—it has been reported on. That would suggest that you have a massive problem of behavioural management in this facility which was identified certainly in September, when they passed 43 out of the 44 standards. The one they did not pass was behavioural management. I put to you that in fact there had been identification of behavioural management as a problem back in 2000. Can you explain to me how this can occur? How can a facility end up with two significantly different assessments in such a short space of time?

Mr Brandon—Earlier I gave an outline of what we believe were the changes that happened between the first and second audits. I also make the observation that the agency does not provide care. The responsibility for the provision of care to residents lies primarily with the provider. I can tell you what we found in comparing the audits—I can tell you what we found today—but I cannot be accountable for the behaviour of the approved provider.

Senator FORSHAW—No, but you are accountable for—how should I put this—the management of the inspectors who undertake the inspection and do the review. That is what I am addressing my questions to. We know that the facility, when it was inspected shortly after this person passed away in this tragic incident, apparently failed on standards such as

education, staff development, physiotherapy and behavioural management. Yet two months earlier they had been given a tick, a pass. That suggests to me that there has been a failure in the systems of the agency to pick up these serious deficiencies at first instance.

Mr Brandon—I think it is a choice or preference. I mean, one could say that the first one was right. I think it is speculation.

Senator FORSHAW—Well, it is not speculation, sorry, Mr Brandon. A woman has died here. Am I wrong in assuming that the reason for the audit being done in November was following on from the incident that occurred in October?

Mr Brandon—That is correct.

Senator FORSHAW—It was a bit late, wasn't it?

Mr Brandon—We were looking to see whether there was a systemic failure or whether it was a once-off. I said before why we believe that both of those audits were accurate at the time they were made. I am not trying to—

Senator FORSHAW—What you are expecting us to accept is that you can have an accurate audit in September that passes a facility on 43 out of 44 standards and then two months later you can have a similarly accurate audit in which they pass just over half. There is no other explanation for that, is there, than that one of those assessments was wrong, and probably the first one?

Mr Brandon—I think there are indicators that the first one identified there were marginal issues, certainly with two years accreditation, when 90 per cent of homes are picking up three years. But I am not in a position to say, nor am I prepared to say, that the first one was wrong.

Senator FORSHAW—Well, what are you prepared to say about the first one?

Mr Brandon—I am prepared to say that following the second audit, when there was a difference in expected outcomes—that is to say, the measure of the performance of the home—we identified that continuous improvement activities had lapsed, that the newly implemented systems had failed, that the corrective actions in relation to the feedback we had given them in September and October had not been undertaken, that they were no longer monitoring their system and that the actions taken to address the required improvements in relation to behavioural management had not been effective and were not monitored.

Senator FORSHAW—Let me just read this to you, Mr Brandon. It states—

The team observed six residents wandering the unit continually over the two days of the audit and that little was done to engage them in meaningful activities. The diversional therapy program has no activity specifically directed at residents with dementia and other related conditions. Three residents commented to the team that wandering residents entered their rooms and interfered with their own activities on occasions.

Hearing that, would that suggest to you that there was a concern about behavioural management?

Mr Brandon—Yes, Senator. We identified behavioural management in the audit.

Senator FORSHAW—That was what was reported in November 2000. You were trying to ascertain whether there was a systemic failure. I am suggesting to you that there was a

systemic failure, because it was identified back in 2000 by the agency. It is identified again in September 2003, when it has passed on everything else. Then we have a resident ending up in a tragic death in circumstances virtually identified in one of your earlier reports. And then you have another review.

Mr Brandon—I think you referred to the April 2000 report, where they were found non-compliant. My records indicate that there was a complete audit in December of 2000 where they were found to be 44 out of 44 compliant.

Senator FORSHAW—Okay.

Mr Brandon—There was a series of support contacts: January 2001, no non-compliance identified; 29 May 2001, no non-compliance identified; 5 April 2002, no non-compliance identified. So after April 2000, when, amongst other things, behaviour management was identified as non-compliant, there were a number of other support contacts and one complete audit where those things were found to be compliant.

Senator FORSHAW—That is precisely what I am drawing attention to. Some review teams apparently find things compliant and satisfactory, then you have a serious incident occur and then there is another audit straight after and you find that the first assessments, by logic, could only have been wrong, if they failed almost half of the standards. This is just inexplicable, other than to suggest that the initial audits were wrong. It is the logical conclusion, isn't it, Mr Brandon? Has this resulted in the agency actually sitting down and having a look at trying to ensure that they get consistency of outcome? I appreciate that facilities and things can change, but they do not change that dramatically, that quickly, in the space of two months.

Mr Brandon—Senator, that is what I was saying earlier, that we have a process when things change that we go back and look at both audits and, where possible, interview the teams, look at the evidence that they used and try to identify whether there was an issue with the audit, which is basically the audit got it wrong—if either/or got it wrong—and what changed. That leads us to understand what things to look for when we are doing further audits.

Senator FORSHAW—Have you done anything about looking at the specific personnel who undertake the reviews? Is it the same people each time?

Mr Brandon—No.

Senator FORSHAW—Do you rotate them around?

Mr Brandon—No, but it would be very unlikely that the same team would do complete audits in the same home, because we mix and match the teams. One of the reasons for that is to get different perspectives. If you used the same people, one could argue that you are going to get the same mistakes.

Senator FORSHAW—Yes. So do you do assessments and performance appraisals of the personnel?

Mr Brandon—Yes, we have interviewed the personnel involved in that particular audit plus any others that we have had where there are differences. Also, as part of our review of our round 2 performance, we are analysing the findings of the various audit teams and the mix

of the teams, because you would be aware that the teams are two people and the audit report is the report of the team, not of the individuals. So we are analysing the team compositions to see whether that has influence on the findings.

Senator FORSHAW—Have you come up with any conclusions? Has any action been taken?

Mr Brandon—At a one-on-one level where the management of the state office has identified weaknesses or problems with auditors, it is the normal performance management activities, but what I was describing to you is a much broader intensive program of saying, 'Let us look across the whole of the agency's activity.' You may be aware that we have commissioned a review of our performance in the field and of our processes over the previous 12 months. We are going to the providers to get feedback on that.

Senator FORSHAW—You have commissioned a review?

Mr Brandon—Yes, we have a national agency liaison group which includes providers and consumer groups and we have people from there on our tender board.

Senator FORSHAW—It is not an interim review; it is a review. Do the homes have any say at all? I am assuming the answer is no, but I want to ask you this: do they have any input into nominating who might do the inspections?

Mr Brandon—Yes, under the accreditation grant principles, they are permitted to nominate one assessor as part of the team and we nominate our assessors.

Senator FORSHAW—Yes. Can you tell me if any of the inspectors who undertook these audits were the nominated choices of the home?

Mr Brandon—No, I cannot.

Senator FORSHAW—Can you take it on notice?

Mr Brandon—I can.

Senator FORSHAW—Thank you. I move on to another tragic situation, too—

Senator DENMAN—If a home is deemed to not be meeting the criteria, is it given a certain length of time to come up to standard?

Mr Brandon—Following a support contact, or a review audit, or an accreditation audit, we identify non-compliance and we give them a timetable for improvement. It is actually called a timetable for improvement in the legislation. At the conclusion of that, if they have not achieved the level of compliance that we imposed on them through the TFI, we then refer them to the Department of Health and Ageing.

Senator DENMAN—So in that case is there a different inspector who does the next inspection when they are expect to comply?

Mr Brandon—There may be.

Senator FORSHAW—Can I ask a couple of other questions about the Chelsea Private Nursing Home? The reports of the audits done in September 2003 and November 2002, are they on the web site? I can tell you that I have not been able to locate, certainly, the September one.

Mr Brandon—I understand that the review audit report went up yesterday.

Senator FORSHAW—That is the October or November one?

Mr Brandon—That will be the November report. The November report replaced the September report.

Senator FORSHAW—So you take the September one. Was the September one put on the web site?

Mr Brandon—No.

Senator FORSHAW—It was not.

Mr Brandon—I am sorry, it was.

Senator FORSHAW—Since the audit in November, what has been done in order to improve the situation at the facility, given that there were quite a number of serious concerns?

Ms Bailey—The department imposed a sanction on the Chelsea nursing home which required them to appoint a nurse adviser for six months and funding for new residents was also withheld for six months. That was the initial action. There is now a nurse adviser in the home helping them to remedy the problems.

Senator FORSHAW—Could I ask some questions about the Riverside Nursing Home in Victoria. This is the infamous one with the kerosene baths. The facility, as I understand, has now closed down.

Ms Bailey—That is true.

Senator FORSHAW—There is a report, according to ABC radio that back in December last year staff from the Kingston City Council had to secure the premises after drugs and confidential patient records were found abandoned on the site. Are you aware of that circumstance?

Ms Bailey—I was aware of the press report.

Senator FORSHAW—Is that correct? What steps are supposed to be taken by the facility when it is closed down to ensure that people's records are properly kept and handed on?

Ms Bailey—As I recall, on the day the home was closed there was a security firm in place at the home. I understand—my recall is that they were appointed by the administrator who had been appointed to the Riverside Nursing Home company and they were left in charge of the site. Approved providers have a responsibility under the act to retain records for three years from the day they cease to provide care. So that is their responsibility—to manage those records for at least three years afterwards. I guess at the end of that time we expect that they would dispose of any records properly and in line with the privacy requirements. But when the last resident left there was a security firm in charge of the building who had been put there, as I recall, by the administrator appointed to the company.

Senator FORSHAW—Have you investigated this matter and taken any steps to ensure that the records are being properly kept to ascertain just what has happened?

Ms Bailey—I believe those things were factual. I understand, as the approved provider company, Riverside Nursing Home is no longer an approved provider under our legislation.

We do not have any direct dealings with the company now. What we can do, and what this has highlighted, is bring it to the attention of all approved providers their ongoing responsibility to make sure that residents' records are dealt with appropriately.

Senator FORSHAW—There are protocols laid down, are there, for what has to occur when a facility closes down?

Ms Bailey—No, that is the choice of the individual business and where it keeps its records for three years and how it manages that process is a business decision. All the act requires is that they do retain their records for three years, and I imagine then other legislation such as—

Senator FORSHAW—This is the Aged Care Act you are talking about?

Ms Bailey—Yes, but the national privacy principles also would apply to how they have to keep personal information about people.

Senator FORSHAW—It would appear that that may not have occurred on this occasion.

Ms Bailey—That is one option. It appears—

Senator FORSHAW—That is why I am wondering whether the department has sought to satisfy itself that the provider did comply and is continuing to comply.

Ms Bailey—They are no longer an approved provider so our business relationship with them has ceased. I understand—I was not here; I can check this—that we did check that their records were now being removed by the council and stored somewhere appropriate, but we no longer have a business relationship with the approved provider for Riverside Nursing Home.

Senator FORSHAW—Can I ask about Lewis Court home for the Aged in Victoria. Late January this year there was an inspection. Can you tell me what the agency found in respect of that facility?

Mr Brandon—The February review, Senator?

Senator FORSHAW—January this year. I understand the report is not on the web site.

Mr Brandon—On 12 to 16 January we did a review audit and we found noncompliance in 15 out of 44 expected outcomes and then on the 19th we notified of serious risk in health and personal care, which is standard 2.

Senator FORSHAW—What is the history of this facility prior to that inspection? Was that a surprise inspection?

Mr Brandon—We conducted a support contact on 18 December 2003, which identified some non-compliance, which then led us to take up the review audit. The history was that they were given one year to expire 28 November 2001, three years to expire 28 December 2004 and prior to the expiration of that period we did the support contact on 18 December 2003 which led to the review audit on 12 January at which we identified serious risk.

Senator FORSHAW—What is the situation now?

Ms Bailey—The sanction was imposed on the home and the home was required to appoint an administrator with nursing experience. I think there are no new residents for six months as well. That has happened. There has been some reorganisation of the management of the home and we continue to monitor the home. The serious risk has been remedied.

Mr Brandon—We varied their period of accreditation.

Senator FORSHAW—Thank you. Another hostel in Victoria, Vincenpaul Hostel: I am advised that an audit conducted recently failed 31 out of 44 outcomes. Can you confirm that?

Ms Bailey—How many outcomes?

Senator FORSHAW—Thirty-one out of 44, which seems incredibly high.

Mr Brandon—Senator, I have 13.

Senator FORSHAW—It might be a misprint or my typing, I am sorry. Can you tell us what the audit found in regard to that one? I apologise if I have made it sound worse than it is, but it still looks pretty bad to me.

Mr Brandon—There was a review audit on 24 November and serious risk was identified in medication management. We then identified another 12 non-compliance outcomes and revoked their accreditation effective 1 March 2004.

Senator FORSHAW—And the failures in outcomes were in areas such as clinical care, specialised nursing care and medication management?

Mr Brandon—Yes, Senator. That is where we identified serious risk.

Senator FORSHAW—Pain management, skin care, continence management, and oral and dental care. Is that a fair summary of the areas that they were found to be non-compliant?

Mr Brandon—No, my list is similar but not the same. I will just let you know what we found. The agency found non-compliance on 19 December following that review audit of continuous improvement in four areas—education and staff management in two, human resource management, clinical care, specialised nursing care, medication management, continence management, privacy and dignity, leisure interests and activities. That is slightly different from your list.

Senator FORSHAW—This is the facility, is it not, where there is a report of one resident having died after being given wrong medication?

Ms Bailey—That is an allegation, Senator, yes. It is being investigated.

Senator FORSHAW—Who is investigating that?

Ms Bailey—The Victorian police. I am just double-checking my notes. The state coroner.

Senator FORSHAW—Are you aware whether or not staff at that facility were administering medication and that they had had no training at all in that practice?

Mr Brandon—I do not know the answer to that, Senator.

Senator FORSHAW—What is required under the act and/or the regulations regarding who can administer medication to patients?

Ms Bailey—In Victoria, as I understand it, the Drugs and Poisons Act specifies who can deliver which schedule of drugs. Other than that, on top of that it is also what the competency and skill of each of the people are. So there are barriers in the Drugs and Poisons Act in Victoria about who can deliver what medications.

Senator FORSHAW—Are you able to comment, Ms Bailey, on the earlier question I asked about whether—

Ms Bailey—No, I am not. I only heard it as an allegation what has happened. I am not sure.

Senator FORSHAW—Again, I am conscious that it is being investigated by the coroner. Can I go to another facility in Victoria called the Kaniva Hostel. This hostel was inspected, I understand, back in 2000. Do you have any report there of results of an audit in October 2000?

Mr Brandon—Yes, Senator. In November 2000 the service was accredited for three years to expire on 20 November 2003 and there were four expected outcomes found to be non-compliant.

Senator FORSHAW—What were they?

Mr Brandon—Medication management, leisure interest and activities, education and staff development, fire security and other emergencies.

Senator FORSHAW—What was the report in regard to health and personal care, in summary? Was that found to be satisfactory?

Mr Brandon—I would say except for medication management, Senator.

Senator FORSHAW—Except for medication management

Mr Brandon—Which was found to be non-compliant.

Senator FORSHAW—I am advised that there was a personal care attendant available for certain hours of the day but not 24 hours a day—specifically available between the hours of 7.45 a.m. to 1.30 p.m. and 4.45 p.m. to 8.30 p.m. and that if emergency assistance was required outside those hours the resident could alert staff by using a duress alarm or telephone service. Are you familiar with that?

Mr Brandon—Sorry, Senator, which period are you talking about?

Senator FORSHAW—2000.

Mr Brandon—No, Senator, I do not have a report which goes back to 2000.

Senator FORSHAW—Well, that is what I am advised, and I think it is on pretty good advice. Trust me on that. You may find that difficult, but please do. But at that time health and personal care, other than the medication management, was found to be satisfactory. There was an audit of this hostel last year in August; is that correct?

Mr Brandon—That is correct, three years after the previous one.

Senator FORSHAW—What were the findings of that audit, in summary?

Mr Brandon—The accreditation audit conducted on 19, 20 and 21 August 2003 found that there was non-compliance in 11 out of 44 expected outcomes and we decided to accredit them for a period of one year.

Senator FORSHAW—For one year?

Mr Brandon—That is correct.

Senator FORSHAW—Quite a number of failures. Was the availability of personal care staff one of the areas that was deemed to be unsatisfactory and that needed to be addressed?

Mr Brandon—Human resource management, which is an outcome, was found to be non-compliant. I might add that following that decision to accredit them for one year, we have done support contracts and they are now under a timetable for improvement due to expire on 28 February. If they do not meet the timetable, we will refer them to the department.

Senator FORSHAW—What I am putting to you is that one of the findings in November last year was that there were no staff on duty at night and that a requirement was put in place that that should be remedied and that they have now gone to a 24-hour service. I am trying to understand why it was that back in 2000 it was deemed to be satisfactory that they did not have any staff on duty after hours and, indeed, for certain hours of the day as well, but last year that was found not to be satisfactory.

Mr Brandon—I do not have the advantage of the report of November 2000. All I can tell you is that it is a 10-resident low-care facility and that our staff found that human resource management was not complying on 2 October. We discussed that with the service and by 28 October they had things in place which had corrected that. There are still other non-compliances, but they are the ones that are subject to the timetable for improvement.

Senator FORSHAW—Yes. But it would seem that at least by November of last year not having a person available after hours in this facility with that number of residents was inadequate. Is that a fair assessment?

Mr Brandon—That was the finding in October, yes.

Senator FORSHAW—Which is the finding in August last year said that 'there are a range of other concerns raised with this facility'. For instance, is it true that the staff had their office area in a garage?

Mr Brandon—I have no knowledge of that.

Senator FORSHAW—You have no knowledge? Have you got the report?

Mr Brandon—No.

Senator FORSHAW—Let me quote from the report that I have, which is produced by the Aged Care Standards and Accreditation Agency Ltd:

The staff work in an office environment that consists of a car garage.

Further on—

There is no toilet or hand washing facilities provided for staff.

I understand there is no heating—

On the three days of the audit the morning temperature was zero. The garage was extremely cold. Staff told the team that they freeze in winter and boil in summer and are pestered with flies as well.

It sounds pretty bad, does it not?

Mr Brandon—That is presumably why we failed them on human resource management and occupational health and safety.

Senator FORSHAW—Further—

In early August 2003 management provided an old on-site caravan as overnight accommodation for the on-call staff. There was an external toilet, a portaloo and no hand washing facilities or running water. Staff told the team that management had told them that the caravan provided sufficient sleep-over accommodation for them. However, they are unhappy about using the caravan for overnight accommodation.

You failed them on that, too?

Mr Brandon—Human resource management and occupational health and safety.

Senator FORSHAW—Why were not these concerns picked up earlier; do you know? Presumably, the same deficiencies had existed beforehand.

Mr Brandon—I cannot say whether they existed or not. What I know is that on 19, 20 and 21 August those things were found to be non-compliant.

Senator FORSHAW—Yes, I know. That is what the report says, too. I have just a couple more. There are so many of these it is hard to keep track.

Senator Ian Campbell—Do you want me to take the occupational health and safety issues up with the Victorian minister or would you want to do that?

Senator FORSHAW—I think you had better go back and read your act.

Senator Ian Campbell—Would you like me to do that?

Senator FORSHAW—I think you had better go back and read your act, then you might not make such stupid interjections.

Senator Ian Campbell—The temperature is rising. You are getting frustrated again.

Senator FORSHAW—We had been going along quite well until we started to interfere again. Can I ask questions about the RSL veteran's retirement village in Narrabeen? Are you aware of allegations of an assault on a female personal carer at that facility in December last year?

Ms Bailey—I understand that information was brought to the department's attention about that.

Senator FORSHAW—Yes. What information has been brought to your attention?

Ms Bailey—Just that there was an allegation that an assault had occurred on the site on a staff member. There was nothing further.

Senator FORSHAW—Has the agency or the department taken any steps to investigate the facility?

Ms Bailey—I would have to double-check. What we were informed was that it was currently the matter of police investigation and that was their matter to investigate. They did not wish to reveal any further details about the complaint.

Senator FORSHAW—Yes, but it still also would be a matter of concern to the agency and/or the department if this had occurred.

Ms Bailey—That is right.

Senator FORSHAW—Because it relates back to the adequate provision of security, staffing, the classification of residents and so.

Ms Bailey—But our position was that, while it was an allegation, the people who would determine whether it happened were the police and then we would deal with that issue.

Senator FORSHAW—Okay. This is the same facility that received the ministerial award for excellence in December last year from Minister Bishop, is it not?

Ms Bailey—That is true.

Senator FORSHAW—Yes. We shall await the investigation. Are you aware of other concerns that have been raised about other conditions at this facility, particularly in regard to food contamination?

Ms Bailey—I would have to take that on notice. I do not have any other information about the home. I recall the issue about the allegation of the staff assault, but I do not have any information. I would prefer it on notice.

Senator FORSHAW—Would you check that out and advise us of what the department has been made aware of?

Ms Bailey—Yes.

Senator FORSHAW—Can I ask some questions about the Mirvac and Anglican aged care facility? As I understand it, and this is according to a report in the *Australian Financial Review* of 20 January this year, the Anglican Church sold several aged care facilities. One of those was in Wattle Road in Hawthorn and another one in Kangerong Road, Box Hill. Can you tell us what has happened with the sale of those two facilities and what has happened in regard to the situation with residents?

Mr Dellar—I would have to take that question on notice.

Senator FORSHAW—Sorry, you do not have any report there?

Mr Dellar—I do not have any information.

Senator FORSHAW—If you could. We would like to know when they were sold, who purchased the home, who is the new provider and what is being done to ensure the continued care of the residents.

Mr Dellar—We will provide some answers.

Senator FORSHAW—Continuing with ongoing concerns, just going off the media report here, can you clarify if they have been sold off, what has happened to the residents? Where have they been transferred to?

Mr Dellar—My understanding is that the services were sold and were closed and that the residents were moved to other places in other homes.

Senator FORSHAW—You do not have that information to date?

Mr Dellar—I do not have any more information than that at the moment.

Senator FORSHAW—If you could fill that information in that would be good. I have a general question here. I have raised reports of a number of homes where certainly a trend appears where audit accreditations have been done and then subsequently there has been a substantial re-evaluation of compliance—in some cases I have pointed out within a couple of months; in other cases it might have been longer. Bearing in mind that history—at least in

regard to those incidents—is the agency looking at this on an overall approach about what it might do to try to avoid situations like that occurring in the future?

Mr Brandon—Yes, we are following our basis of experience in round 2, which was completed at the end of December. We have put a review process in place so that we can go back and test the validity of our decisions. Over the term of round 2 we reviewed some decisions as they came along. We are also looking at the assessor teams to see whether there is any sort of team bias.

Senator FORSHAW—Could you give me a bit of an interim report now of where you think that might end up and what is your time frame?

Ms Halton—An interim report, Senator?

Senator FORSHAW—I am prepared to ask for an interim report because I appreciate that I might have to wait for the final report. I have been promised the final report and I have not got it. I am happy to ask for it.

Mr Brandon—I was not planning to issue an interim report.

Senator FORSHAW—Can you tell me when you are likely to conclude this analysis?

Mr Brandon—We are aiming for 30 June to complete the whole project, which includes the testing of our performance during round 2 with the service providers. We have preliminary findings from our questionnaires. These are the ones that follow audits.

Senator FORSHAW—Are you able to tell me what they might be, what your line of thinking is?

Mr Brandon—I can tell you that definitively the five questions we ask about an audit and the 11 questions we ask about how we conducted the audit—in every question we scored over 90 per cent satisfaction by the people whom we audited.

Senator FORSHAW—That is a finding; that is not a recommendation about what you might do in the future.

Mr Brandon—That is a report of what we found.

Senator FORSHAW—That is an answer. So it may be that you end up with not having to do anything, that you will be totally satisfied with the processes to date, notwithstanding what appears to be some evidence of at least a number of serious cases of significant discrepancies between the periods of accreditation.

Mr Brandon—We have put a number of things in place. One of them, which I think I alluded to last time at the Senate estimates, was a total revision of the way we train and select assessors.

Senator FORSHAW—That sounds very constructive, I might say. It sounds like a substantial change and no doubt you can tell us again at future estimates. That then leads me to the final question about the Audit Office report released in May last year, which made some quite critical comments about a number of issues. You agreed to develop an evaluation plan in accordance with the ANAO's recommendation No. 5. Can you give me some progress report on what is happening there?

Ms Bailey—We are just finalising the project plan and we are planning to advertise for a consortia of interested people to undertake the evaluation for us hopefully in the next two to three weekends in the press. It will appear in the press.

Senator FORSHAW—Thank you. I have a final question. Can anyone tell me when the Hogan report will be released publicly, if it is to be released publicly?

Mr Mersiades—The release of the report will be a matter for the government to decide on.

Senator FORSHAW—Thank you.

CHAIR—Any further questions on outcome 3? We thank the officers for that program.

[3.40 p.m.]

CHAIR—We will now move on to program 1, Population health and safety. We are going to start with the agencies. Questions for ARPANSA?

Senator WONG—I want to ask you about the draft IAEA report—International Atomic Energy Agency report. I assume it was your decision to commission this report.

Dr Loy—Yes.

Senator WONG—It is the case, isn't it, under your act does require you, does it not, to seek to implement international best practice when it comes to fulfilling your duties?

Dr Loy—Yes. Specifically it says that in making decisions on applications for licences I must take into account international best practice in radiation protection and nuclear safety.

Senator WONG—I presume this was behind your commissioning of the IAEA report.

Dr Loy—Yes, that is correct. One of the ways in which I might be informed about international best practice would be to call upon an international organisation to gather a team of people with high experience and knowledge.

Senator WONG—There are a number of issues in the draft report which I would like to ask about in particular. What action do you intend to take as a result? First, in terms of the regulatory framework, the report does make some rather negative comments regarding the current regulatory guidance in Australia and its particular focus on reactor safety. It appears to suggest that really we are behind the eight ball when it comes to guidance specifically for radioactive waste disposal.

Dr Loy—They do comment on some of our guidelines, suggesting that their focus was on reactors, and they were not as helpful as they might be in terms of other facilities. I think that is a fair point. Second, the specific code of practice, the NHMRC code on near-surface disposal of radioactive waste, is a decade old. It still is very valid, but they did suggest that there have been some developments since then which need to be taken into account. I would say, however, that I do not think that the story ends there. Obviously, in asking DEST, or guiding DEST in what information it should bring forward, we drew attention to a whole range of national and international guidance, which I think is pretty up to date. But having said that, we will review whether we need to provide any additional guidance, which I think would largely be taken from existing international documents, and draw that to the applicant's attention if we need to.

Senator WONG—If you are supposed to be following international best practice, both in terms of your statutory responsibilities and generally, why would you review it? It is quite clear that the IRT has recommended that there needs to be a process to actually deal with waste disposal and guidance regarding waste disposal. You yourself have said that the current code of practice is a decade old. The government does keep trumpeting this as being an extremely safe process—international best practice has been applied all along the way. These comments in this report certainly throw some doubt on that. Surely it is beyond a review stage. Surely you actually have to take some action.

Dr Loy—The first point to make is that I have not made a decision on the application. So I have not reached a view about the application and, in doing that, I must take into account international best practice. In providing a priori guidance, I certainly drew attention to the Australian code of practice, which is valid—albeit a decade or more old—and also pointed to international documents of quite recent origin. But that was in terms of guidance, which is one question. The other question is, in assessing the application, I must use international best practice and that is obviously something on which I will take the words of the IAEA team very seriously indeed. We have had some discussion about reports this afternoon, but of course what we have right now is a draft summary report. What the IAEA will deliver to us shortly is the complete report. We still do not have that at this point. Of course, I will then ask DEST to respond to the matters raised in that full report when it is available.

Senator WONG—With whom have the IRT consulted subsequent to the posting of the draft report publicly?

Dr Loy—Subsequent to?

Senator WONG—Yes.

Dr Loy—About this matter?

Senator WONG—Yes. Have they had any further discussions with ARPANSA, other DEST officials since the draft report was first posted?

Dr Loy—Not that I am aware of. I had a conversation with the leader of the team which went along the lines of, 'How's the report going?' 'Very well,' he said and, 'You'll have it soon.'

Senator WONG—Who are the members of the team?

Dr Loy—The team was led by Mr Phil Metcalf, who is the relevant section head in the IAEA structure for radioactive waste. There was Mr Ian Crossland from the UK, Mr Gerard Bruno from France, Mr Karoly—I am sorry, I have forgotten his last name—from Hungary and a gentleman from the US.

Senator WONG—Perhaps you could take that on notice if you are not aware of that—

Dr Loy—Yes. I had it with me, but I left it back at work.

Senator WONG—The letter which you provided after the last estimates to DEST does not actually traverse a number of the issues that the IRT have raised concerns about. Does it concern you that, but for pulling in some international people, it appears that the Australian regulatory process has not picked up a number of key issues?

Dr Loy—No, I do not accept that at all. The whole assessment of the application is a process. It is not over when I write one letter. That was, if you like, an immediate response to a first assessment of the application. It was not definitive, it was not final, it was not complete; it was a step along the process. The next step was the international review team. Obviously, public submissions are another step. The public forum in Adelaide next week is another step and so on. The work done by the Nuclear Safety Committee and the Radiation Health Committee and, of course, the work done by my own officers—there is a whole host of work going on and it is not completed and I have not made decisions.

Senator WONG—The review also raised some concerns with the reliance upon the contractors—paragraph 4 of the draft report, if you need to refer to it—and comments that it makes it difficult to deliver an integrated program and to provide the continuity needed when the facility is operated. I think that you and I discussed this issue at the last estimates—that there is obviously a heavy reliance on the contractor actually operating it, some private sector individuals. What do you intend to do about that aspect of the report?

Dr Loy—I intend to get DEST's reaction to it. In terms of assessing the application, it is an observation that other people have made as well—that it is difficult to find your way through the application in some respects.

Senator WONG—I think that there is a comment in the report that there are, in fact, page numbers missing.

Dr Loy—Yes, but more than that, because it has been brought together from other contractors, it is difficult to see the overall view. Once again, there is a specific recommendation that I have very much drawn to DEST's attention in paragraph 8 of the report saying that they should produce a kind of high-level overview of the important parts of the submission and to make their case clearly. I think that is a very reasonable critique and one that I will be expecting them to respond to. In the longer term, if the repository were to be licensed, the relationship between the department and the operator of the repository would absolutely be a very critical one and I would certainly have to be very satisfied that the licence holder, that is the department, had very good knowledge and control of the operator. So I guess in summary I am saying, yes, there are issues there that need further work and consideration.

Senator WONG—There are comments in here saying that it is not appropriate to rely on the contractual obligations only as your regulatory mechanism when it comes to the relationship between DEST and the contractor. In other words, there should be a coherent regulatory framework that enables the regulator to ascertain whether it has been breached, whether things are going along as they should rather than reliance upon a contractual document.

Dr Loy—That is true, and that can be arranged within the context of the ARPANS Act, insofar as the contractor would be a direct Commonwealth contractor and therefore could be covered by the licence. So not only could I lay conditions on DEST and have them transmitted via a contract; I could lay conditions directly upon the operator as a Commonwealth contractor.

Senator WONG—But they have not applied for a licence.

Dr Loy—No, the licence is applied for by DEST, but the licence I issue can cover the contractor, the direct contractor.

Senator WONG—Can we come to the government's decision to apply for three licences in one, which has been the subject of previous discussions at estimates and quite a bit of public comment. Those who have criticised it appear to be borne out by this report, which says that it does not conform with international best practice to have a three-in-one application. They recommend the three steps be considered separately. That is a very different approach to the approach the government is taking. As the regulator, what do you say about this recommendation?

Dr Loy—It has clearly been an issue. The IAEA draws attention to what they call a step-by-step approach, which they advocate. I have to take that into account when I consider my decision on their licence application.

Senator WONG—So are you going to require DEST to do it in three stages, as per this recommendation?

Dr Loy—I have not made any decisions.

Senator WONG—When do you intend to make that decision, Dr Loy?

Dr Loy—When I make a decision on their licence application I will make it. I have not made it.

Senator WONG—Does that mean you could make a decision on the current application, which is three in one, to license only one aspect and say, 'Go back and reapply for parts 2 and 3'?

Dr Loy—That is legally open to me.

Senator WONG—I find it difficult to understand why you are reluctant to endorse this finding, Dr Loy.

Dr Loy—It is a matter that has been put forward by obviously an eminent and able group of people. I will ask DEST to respond to it and give their view. Obviously I will take other matters into account—public submissions and so forth—and then I will make a decision.

Senator WONG—Clearly they are saying that the current process is not international best practice. Your obligations are to ensure that your actions are taken in line with international best practice. Why would we allow the government to persist—

Dr Loy—But I have not taken action. I have not made a decision.

Senator WONG—But you could equally tell DEST, 'I do not want to consider the three in one. I want to consider stage 1.'

Dr Loy—No. They have made an application. Once they have made an application I am bound to consider it.

Senator WONG—You previously said, I think, that you anticipate making a decision around April on the licence application. Is my recollection correct?

Dr Loy—Yes, I have said—well, I said I was planning on that.

Senator WONG—Is it likely that this report means—particularly the recommendation we are discussing now—that that time line will be extended?

Dr Loy—Not necessarily, no.

Senator WONG—So are you ruling out requiring DEST to apply for all three licences separately?

Dr Loy—No. DEST have made an application for three conducts. I will make a decision on that application.

Senator WONG—Have you had any discussions regarding the timing of your decision with any ministers?

Dr Loy—No.

Senator WONG—Or ministers' officers?

Dr Loy—No. I have spoken in the same way as I have spoken in public and in this committee to the parliamentary secretary. I have not told her anything different.

Senator WONG—This is Ms Worth?

Dr Loy—Yes.

Senator WONG—And has she expressed a view as to the government's preference for a time line on the decision?

Dr Loy—No.

Senator WONG—Dr Loy, can you explain to me what possible basis, given this report, there would be for issuing a licence for all three functions, as is currently proposed?

Dr Loy—Well, I do not think I can explain that, Senator. All I can say is that I have this application. I have before me a view, albeit a very distinguished and strong view. I will receive representations from DEST about that view. I will make a decision.

Senator WONG—Presumably you provided this draft report to DEST?

Dr Loy—Yes.

Senator WONG—Have you received a response from them?

Dr Loy—I provided it in a letter roughly about the time it was published. I received a short letter back that asked one specific question about the report and talked about the possibility of some dialogue and I have responded to that letter.

Senator WONG—What have you said?

Dr Loy—There was one specific issue in the report saying, 'Do we think a recommendation in paragraph 24 means this?', and I said, 'Yes, I think I agree with your interpretation of that.' Second, I said, 'When I get the final report I will transmit that to you. I shall cover it with a letter in which I draw out what I think to be the central issues that you need to respond to out of that report. I would be happy for officers to have some clarification discussions of that letter.' That is all.

Senator WONG—When is the report going to be finalised?

Dr Loy—I do not know. That is entirely in the hands of the IAEA. They have talked about it being roughly a month from when we received it.

Senator WONG—From when we received the draft report?

Dr Loy—Yes.

Senator WONG—And that was received at the end of January, or slightly earlier?

Dr Loy—It was the end of January, yes.

Senator WONG—The IRT also raised some concerns about the management system which was explicated in the DEST application.

Dr Loy—Overall they thought it seemed to be a contemporary and acceptable system under a quality approach and so on. I think they pointed to a couple of deficiencies that they thought needed to be addressed.

Senator WONG—What they say at paragraph 12 is:

The documentation is difficult to navigate and when the appropriate section is found many of the procedures are present as drafts or missing entirely.

Dr Loy—Yes. There is a specific document that they made observations on. Certainly they have made a critique of the application in quite significant terms. That is there for everyone to see. The department has to respond to that.

Senator WONG—You are aware that in South Australia there is a fair degree of concern. I am sure you will be aware next week, when we meet in Adelaide. There is a fair degree of concern about this proposed dump. When people read things like this, that the supporting documentation for this licence has procedures missing or in draft, it does not exactly fill the community with confidence that this is in fact world's best practice.

Dr Loy—But I have not licensed the applicant. I have not made a decision. This is a critique of an application. If the points are well made, they need to be responded to. And I would not make a decision in favour of it if there were significant deficiencies.

Senator WONG—Paragraph 17 says—I am a lay person, so obviously I am trying to understand the technical language:

Application of probabilities to human intrusion scenarios is not in line with current recommendations of the ICRP, which has explicitly developed its recommendations to avoid such approaches.

Do I understand by that DEST's probability of there being some human intrusion into the dump area after closure?

Dr Loy—That is correct.

Senator WONG—The committee recommended that consideration be given to using the approach developed by ICRP 81 in consideration of human intrusion. Is it the case that that standard or protocol in fact refers to long-lived solid radioactive waste? This is International Commission on Radiological Protection publication 81, *Radiation protection recommendations as applied to the disposal of long-lived solid radioactive waste*.

Dr Loy—Yes. You are talking about a period of time after closure of the repository and in particular after institutional controls have gone, which is 200 years hence. So by definition you are talking about long-lived radionuclides.

Senator WONG—I agree with you. I agree that it is long lived.

Dr Loy—Okay. I thought you were puzzled by it.

Senator WONG—No. I am puzzled that the government continued to call it short lived.

Dr Loy—You always will have long-lived radionuclides. You can debate where the line is between short and long—say, roughly 30 years. There will be radionuclides of longer half life than 30 years and of course there will be materials like uranium.

Senator WONG—I do not disagree with you at all, Dr Loy. Can I turn now to the concerns raised regarding the repository design? Basically, as I understand what they are saying, you need to test the repository design better, in particular barrier protection; is that right?

Dr Loy—It is not clear to me entirely how far the team is going in terms of actual physical testing, and I will need to see the full report to be sure of that, but certainly they said that you needed to be able to describe the functions of the different barriers and to demonstrate that they prevented leakage of radionuclides for certain periods of time and build that all into your safety case.

Senator WONG—Yes, they say that what is needed is confidence by demonstrations or otherwise that each component will perform effectively.

Dr Loy—Yes, and it may be that you are using a clay underneath the repository whose properties are very well known. You do not need to test it, but at least you have to say that it is this type of clay with this composition and so on and so forth.

Senator WONG—When we were last discussing this, Dr Loy, and arising out of your letter, did you not raise this issue or a similar issue with DEST previously?

Dr Loy—Yes.

Senator WONG—That is, concerns as to whether the design was going to prevent any leaching or any other form of the waste getting out.

Dr Loy—One of the issues is there is a fundamental argument that DEST have performed analyses on the inventory of the repository without any barriers and have argued that they have demonstrated there will be no significant consequences as a result and therefore, if you like, the barriers are kind of confidence building or additional measures. That may well be true but still, nonetheless, I believe they need to be able to demonstrate the performance of the barriers, and not just conceptually—at least certainly not to get an operating licence. It will have to be beyond the conceptual notion. It will have to be a specific clay, a specific structure of a certain type of gravel and so on and so forth.

Senator WONG—So have DEST come back to you with anything yet?

Dr Loy—They provided the supplementary information that we have published, but clearly they still have not met the view of the international review team in the detail they need to go into.

Senator WONG—So the supplementary information provided by DEST as a result of your letter to them was before the committee when it made these comments?

Dr Loy—Yes.

Senator WONG—So DEST obviously has yet more work to do?

Dr Loy—Yes.

Senator WONG—In this regard?

Dr Loy—Well, as I said, I will certainly be putting the report to them and asking for their response.

Senator WONG—Right. Do you still foresee April as being a likely time frame?

Dr Loy—There is no time scale. There is no requirement in the act to make a decision in a certain time. All I have said is that the way I have been planning my life has been that I will be in a position to make a decision in April. If I am I will, and if I am not I will not.

Senator WONG—The department of the environment—I was at their estimates committee last night—have not been consulted by DEST on any of the additional work that you requested. I think on the last occasion you were discussing how the EIS, you considered, was a bit generic because it was across three sites, but there has been no further consultation with Environment by you or by DEST.

Dr Loy—Well, I think DEST is certainly aware of the conditions that were put upon the minister for the environment's approval, and they included carrying out more work on the site. I think that the proposed work is described in the additional information they have given to us. We will need to go back to DEST and to Environment to talk about that specific work, particularly now in the light of the international review team's suggestions also about specific work on the site.

Senator WONG—Certainly the geotechnical work is consistent with one of the conditions of the EIS approval, is it not?

Dr Loy—Yes. It is about looking at the fractures in the rock right at the site so you have a better feel for the modelling of the movement of the water through the rock.

Senator WONG—Do you know if that work has been done?

Dr Loy—I do not believe it has been done, no. It has been planned.

Senator WONG—It is going to have to be done quickly if you want to make a decision by April, is it not, Dr Loy?

Dr Loy—Well, yes.

Senator WONG—Do you have any knowledge of what is occurring in relation to the store?

Dr Loy—Basically, no, I do not. I mean, I read people commenting about it from time to time but—

Senator WONG—I meant in your official capacity.

Dr Loy—As far as I am aware, our only direct involvement has been that a member of my staff has been a member of the advisory committee that looked at the siting criteria and so on. The committee has not met in recent times, to my knowledge. I do not know anything more than that.

Senator WONG—Are you aware that the short list has already been developed?

Dr Loy—No, I am not aware of that. Let me qualify that by saying that was where the process was meant to be up to at this point. If that is so that is so, but I do not have any direct knowledge of it.

Senator WONG—Which of your staff is on the committee?

Dr Loy—Mr Peter Burns?

Senator WONG—Is Mr Burns seconded to this committee or is this a part of his everyday job?

Dr Loy—They formed a group of experts to advise about the siting criteria for a store. Obviously they had the criteria that flowed from the fact that it had to be on Commonwealth land. That was the decision. So the committee's role was simply to say, 'Well, if you are looking at a store, these are the criteria that you need to take into account.' I am not aware of them being involved closely in the examination of sites.

Senator WONG—Thank you, Dr Loy.

Dr Loy—Thank you, Senator.

Senator McLUCAS—Dr Loy, I have a couple of questions as well. Just in a general sense to start with, does the act that you work under differentiate between publicly listed companies or private companies, and your relationship between state and federal government agencies? Is there any differentiation in the way that you deal with entities in that way in terms of, let us say—

Dr Loy—I am first struggling a little bit to hear you, Senator.

Senator McLUCAS—Especially in terms of the issuing of licences, is there any difference that your act describes between how you would behave toward a government agency and a private company?

Dr Loy—In terms of licensing, our role is to assess licence applications and license Commonwealth entities, not the private sector at all.

Senator McLUCAS—You do not issue licences to the private sector at all?

Dr Loy—No, that is for the states and territories. The reservation I make to that is that a Commonwealth entity may include a Commonwealth contractor. That is the discussion I had with Senator Wong: if a Commonwealth agency directly contracts with a company to perform work that falls under my act, then I would license the government agency and the contractor.

Senator McLUCAS—Right.

Dr Loy—But it would be done for the purposes of the agency, if you will.

Senator McLUCAS—Okay. There is a company called Silex Systems Pty Ltd, which I understand is a private company.

Dr Loy—Yes. That is the other reservation. Because that company operated on the ANSTO site and was closely linked with the ANSTO site, I decided that I should licence it rather than it be in a little bit of a legal limbo and the way I could do that was by declaring the site a Commonwealth place, or words to that effect—I cannot quite remember how the act describes it. I then captured this one company to licence its operations.

Senator McLUCAS—So you have licensed its operations? Can you give me an understanding of the scope of the operations that you have licensed Silex to undertake?

Dr Loy—Its mission is to investigate the possibility of enrichment of uranium using laser enrichment techniques. The principal safety issue is, in fact, high powered lasers. That is a very important occupational safety issue for the people working there. The amount of radioactive material that they use—and, of course, it is mainly uranium and it is not very radioactive at all—means that ionising radiation is not a problem but we have licensed them particularly to take care of their use of high powered lasers.

Senator McLUCAS—I understand that Silex imported uranium hexafluoride for use in its research. Was ARPANSA consulted about the transport and storage matters?

Dr Loy—I am not sure of that. I would have to check our records and get back to you on notice on that.

Senator McLUCAS—That would be good. I understand that you regulate the storage of waste. I think we have now picked Silex up and put it into your responsibility because it is on Commonwealth land. So do you regulate the waste that is produced by Silex?

Dr Loy—We would have an interest in any radioactive waste. It really is not a very large operation in terms of radiation. It is very small quantities of materials that we are dealing with.

Senator McLUCAS—Does Silex provide you with an inventory of the waste they have produced?

Dr Loy—They provide us with an inventory of all their radioactive sources and all their lasers.

Senator McLUCAS—Can you provide us with the inventory of their waste?

Dr Loy—This is an issue that would legitimately raise the question of a commercial-in-confidence claim. If you wish to persist with your question, I would have to take it up with the minister.

Senator McLUCAS—If I were to ask you whether you could provide me with the inventory of waste produced by ANSTO, how would you treat that question—in the same way?

Dr Loy—No, I think there would be a difference. I still might have a reservation and that reservation might be about security.

Senator McLUCAS—Sure, but it would not be about commercial-in-confidence?

Dr Loy—No.

Senator McLUCAS—What I am trying to get an understanding of is how this committee—and, therefore, the community—can know the amount of waste that Silex might be producing. You are telling me it is small because of the nature of their operations. Can you tell me then how you monitor its storage?

Dr Loy—I would like to take that question on notice to give you a considered answer.

Senator McLUCAS—As part of that, can you tell me whether ARPANSA conducted an inspection of the waste storage site that is operated by Silex? I understand that, whilst it is on ANSTO property, it is a separate building completely. I would like to know whether there has been inspection of that operation.

Dr Loy—I will include that in the answer.

Senator McLUCAS—Has there ever been a communication between ARPANSA and the Australian Safeguards and Non-Proliferation Office in relation to the operations of the company Silex Systems Pty Ltd?

Dr Loy—I am sure the answer to that is yes. Again, I would have to check the records to provide you with a fuller answer.

Senator McLUCAS—Can you explain why there is discussion between ASNO and ARPANSA about Silex?

Dr Loy—The material that Silex is using or at least aims to produce may have safeguards implications of interest to ASNO and second there was the relationship of Silex to the US. My recollection is that ASNO played some role in that regard, but I really would have to check the files to be sure.

Senator McLUCAS—If you could that would be terrific. According to the statements released by Silex they have been successful in enriching uranium. I went back to your act and it says that you cannot authorise the construction or operation of an enrichment plant. How do those two facts sit together?

Dr Loy—I do not think anyone could call the Silex operation an enrichment plant.

Senator McLUCAS—What then is an enrichment plant?

Dr Loy—Essentially it is a laboratory experiment to see whether you can develop the technology of using a certain technique of lasers for enrichment. The size and scale of what is done there is laboratory scale, not in any sense a plant.

Senator McLUCAS—So it is not illegal to enrich uranium in Australia?

Dr Loy—I do not believe it is, no.

Senator McLUCAS—But you cannot licence an enrichment plant?

Dr Loy—That is correct.

Senator FORSHAW—Has there been any process undertaken in Australia that could be said to be enrichment or is this the only one?

Dr Loy—I would not claim to know the history of the Australian Atomic Energy Commission sufficiently closely to give you an answer historically. I am certainly not aware of any such activity or anything like it now.

Senator FORSHAW—I thought that many people would have—obviously maybe not legally; I heard what you said a moment ago—the understanding that the prohibition in the ARPANS Act which refers to licensing of an enrichment plant is intended to mean that we would not engage in enrichment of uranium in this country.

Dr Loy—Yes.

Senator FORSHAW—But you are saying that the process that is undertaken by Silex is enrichment, albeit in a laboratory?

Dr Loy—It is a laboratory scale experiment to see whether they can enrich, in any meaningful way, uranium using their technology.

Senator McLUCAS—I understand that Silex has announced that they intend to expand their operations from a test plant—and that is the words they use to describe the laboratory—to a pilot plant. Has ARPANSA received any communication from Silex to that effect?

Dr Loy—I am not aware of any such communication, no.

Senator McLUCAS—I am trying to work out when ARPANSA becomes involved. We have a pilot plant being proposed. Under your act would that be an enrichment plant?

Dr Loy—That is what I would certainly have to decide.

Senator McLUCAS—What would be the process by which you would decide?

Dr Loy—Really, to some extent, Senator, I am making it up as I go along here because I do not have any proposal in front of me and this would be a pretty unique—

Senator McLUCAS—That is the question I am getting to. Does it have to wait until someone makes an application to ARPANSA to say, 'I want to establish a pilot plan which will enrich uranium using lasers,' and then you respond to that? Or are you allowed under the act to say, 'I have heard that this is going to happen and so I am going to do some preliminary investigation.' My concern is that if you sit and wait someone might tootle off and build one. Does your act allow you to respond in a proactive manner?

Dr Loy—That is a question I would probably refer to my legal adviser in the first instance, but certainly the structure of the act is built around the notion, first of all, that certain activities are prohibited. If you are a Commonwealth entity or a Commonwealth contractor or someone captured by the act, these activities are prohibited unless you have a licence. So, if Silex at the site we are talking about wishes to undertake an activity that is prohibited, it would have to apply for a licence.

Senator McLUCAS—And if it does not?

Dr Loy—It would be in breach of the act.

Senator McLUCAS—I suppose we are now going around in a circle. If they do not believe that their pilot plant is an enrichment plant described under your act, how is that resolved?

Dr Loy—Their current licence, I was going to say, describes an operation but it does not so much do that as describes a certain number of laser devices and a certain quantity of radioactive material, and that is the licence limit.

Senator McLUCAS—So it is quantified?

Dr Loy—Yes.

Senator McLUCAS—And any increase on that needs a further application?

Dr Loy—Yes.

Senator McLUCAS—So that would trigger a new application?

Dr Loy—That is correct.

Senator McLUCAS—Thank you. Finally, and you will probably want to take this on notice as well, have you received any communication about proposals for storage and disposal of waste generated by Silex Systems Ltd in their current or proposed operations? It relates very much to any discussion about future events.

Dr Loy—I will accept your invitation to take that on notice.

Senator McLUCAS—Thank you, Dr Loy.

Senator FORSHAW—I have a couple of questions to ask of Dr Loy to return to issues we have discussed on occasions in previous estimates. Can you tell me about the progress of the new reactor at Lucas Heights? Where is that at in regard to the environments of ARPANSA for licensing? What is your anticipation of the time frame at the moment?

Dr Loy—Obviously we have licensed it to be constructed, as you know.

Senator FORSHAW—Yes.

Dr Loy—Systems important for safety require my individual approval for construction and installation, and I think we are about at the end of that in terms of systems coming forward for consideration, though I think the major one that I can think of that is still to come is for the supply and manufacture of the fuel. So that is relatively well advanced in licensing terms. I guess we then expect in due course an application for a licence to operate.

Senator FORSHAW—Do you have any expectation of when that might be? I appreciate that it is dependent upon progress of the construction itself and the other activities that have to be dealt with first, but there were time lines, as we know, laid down some time ago. What is the latest indication—

Dr Loy—I do not have any formal basis. Informal discussions—ANSTO has indicated it will be in the latter part of 2004 or early 2005 that they would expect to make an application.

Senator FORSHAW—Is that application likely to be made or do you anticipate that being made once the construction is all completed or can it be made at any time prior to that?

Dr Loy—It can be made at any time. The question is what evidence do they bring forward to show that it will operate safely. The as-built nature of the reactor is important there as would be what is called in the trade cold commissioning—the operation of the reactor but without nuclear fuel. I would anticipate that the application would come forward very late in the construction process once they really understand the as-built reactor and are moving into the cold commissioning phase.

Senator FORSHAW—There was the issue last year or maybe the year before regarding the tanks or holes being drilled incorrectly and they had to be redone and welded. I am paraphrasing this in layman's terms. Has that been resolved?

Dr Loy—Yes.

Senator FORSHAW—It has?

Dr Loy—Yes. It has been probably the most examined piece of stainless steel in the history of Australia and it is now in the reactor building.

Senator FORSHAW—Thank you.

CHAIR—Thank you, Dr Loy.

[4.32 p.m.]

CHAIR—We can now move on to Office of the Gene Technology Regulator.

Senator McLUCAS—Dr Meek, I have just received your quarterly report. On page 17 you are talking about the monitoring findings and you go through to an event at Maroochy and Redlands and then another one.

Dr Meek—Yes, they are the two sites.

Senator McLUCAS—Are they the two sites? Is that how you explain it? But you say that the 'issues observed arose from the imprecision of the guidelines' and then you go on to say that you are doing something about it, which is fine. Where was the error in the drafting of the guidelines? The point I am getting to is: is there a fault with the act?

Dr Meek—The comment in relation to the issues of the guidelines, Senator, is in relation to not in fact the proceeding to issues that you have just mentioned. If you are referring to the paragraph on page 17 just below the table—

Senator McLUCAS—Yes.

Dr Meek—That is about the guidelines to certify contained facilities. So it is about laboratory work essentially. It is a situation where when the guidelines were put in place they were essentially inherited from the previous voluntary scheme that was overseen by the Genetic Manipulation Advisory Committee. Essentially, they have been extremely good guidelines. They work very effectively. However, when it comes to interpretation to be able to potentially prosecute someone for not doing something appropriately, we found that they were not sufficiently precisely articulated.

So the review that we have undertaken for the guidelines is actually to move them from being essentially prescriptive things—'You must have a wash basin in X number of metres of the door'—to something that is outcome based which says, 'You must have facilities for people to be able to clean their house before they leave the laboratory.' It is a revision so that it makes it a lot more user friendly for the people who are being regulated under the act but it is also much more precise in terms of people complying with the regulations.

Senator McLUCAS—Who do you negotiate it with? Who do you discuss this with in the development of these guidelines? Is there a discussion held with those people who are applicants?

Dr Meek—Absolutely. You may be aware, Senator, that every accredited organisation—to take work with genetically modified organs in Australia, which is accredited through the legislation, one of the key aspects of accreditation is that the organisation must have an institutional biosafety committee and they are essentially the interface between us and the organisation. So we wrote out to every institutional biosafety committee in the country and asked them what their feedback was on administration of the guidelines and whether they had suggestions for improvement. Then what we actually did was produce a draft of the guidelines and sent it back out so that we could get feedback again from people who have practical experience. Indeed, they came back with a range of different sets of feedback which we were able to incorporate into the guidelines itself. So it has been a highly consultative process.

Senator McLUCAS—And legal advice obviously?

Dr Meek—If it was needed, yes. It very much was a technical issue, though, this one, in that sense.

Senator McLUCAS—I know that others have discussed the issue of the poppy plants and seeds stolen from Black Mountain. Is there an update to the data that is produced in your quarterly report?

Dr Meek—As you would be aware, Senator, the situation was that it was a break-in and we were really left hanging at the end of that that if the police ever found anybody who had acquired this material. I would stress, as it says very clearly there, that the plants were not able to be easily reproduced. The seed heads were very immature. The probability of their being able to do anything with this material is extremely limited. No-one has been detected with this material so we have not been able to do anything further. However, the CSIRO has certainly tightened security in relation to Black Mountain, and of course any damage that was done was repaired.

Senator McLUCAS—They did not take the whole plant, then.

Dr Meek—The material that was stolen was approximately 30 plants—about half of which were genetically modified and half of which were not—which were literally ripped out of their pots, and the ability of them to be replanted or struck is zero. The rest were about 100 seed heads, about a third of which were genetically modified. But, as I said, they were immature. They could not be used to replant from seed or anything like that.

Senator McLUCAS—The next incident was the canola event with DPI Victoria. Can you explain to me the words 'inadvertently sown'. 'A small quantity of GM canola seed had been inadvertently sown.' How do people make mistakes of that magnitude?

Dr Meek—What had happened was the company that provided the seed, which is Cargill, had imported the seed. They had supplied the seed to DPI on the basis that their understanding was that it was non-GM. The company Cargill subsequently checked its own records and through its own internal testing system had found that there were some seeds that had been inadvertently mixed with the ones that were provided to the Victorian Department of Primary Industries to plant. So, as far as the department knew, they were non-GM and they proceeded to plant them on that basis. As I said, the company found out before the plants had achieved any degree of maturity that in fact they had made an error. They advised the DPI immediately and the DPI contacted us and we together decided on a strategy to manage it.

Senator McLUCAS—I can understand the company's motivation to fess up because they had sold seed to a government agency. I am just wondering if they sold seed to a private individual whether the motivation to fess up would be so strong.

Dr Meek—It is perhaps important to explain the nature of this particular work, Senator. There are two issues here. One is that Cargill was supplying the seed to the Victorian department in order to ask them to test how well it grew in the Australian environment. The amount of seed we are talking about here is three grams—about 1,000 seeds in total. So it is a very small amount of seed per se. It was to test in the Australian environment in plots. It was not in any way a commercial exercise.

In terms of the company providing seed for commercial purposes, then there are quite significant issues in relation to the provision of seed because if you say that you are providing someone with a particular type of seed and it is not that particular type of seed or it is GM when it is not supposed to be GM there is redress through the Trade Practices Act in that context. It is something that can be overseen quite clearly.

Senator McLUCAS—I just wonder whether people ever know.

Dr Meek—I think farmers know the performance of what they have bought. They choose very specifically whether or not it is supposed to be resistant to a particular type of fungal infection or it is supposed to have a certain yield or it may be it is herbicide tolerant because there are many varieties that are non-GM—

Senator McLUCAS—No, I mean from the other perspective: if you have bought seed that you think is standard non-GM canola and it performs very well but—

Dr Meek—I would suggest that it would perform differently.

Senator McLUCAS—You reckon the farmers would know?

Dr Meek—They know their seeds. But, having said that, I would stress that the companies themselves have realised their obligations in this context both from the trade practices point of view and in the context of any contravention of the legislation, and they have put practices in place with quality assurance systems which obviously in this instance did work. They realised very quickly that an error had been made and advised the DPI immediately.

Senator McLUCAS—This is the second event that you have had to report on where seed has been mixed and I think both of them were importations. I think last time we talked about a mixed seed event as well. It just troubles me that this was a big issue when we did the inquiry into the legislation, that there would be a separation of pathways, that it would be easy to identify, and we were assured absolutely that that would be fine and there would not be a problem, yet this is the second event in six months, I think, of mixed seed. I know they are not exactly the same, but it is a mixing of product that we will not find out the result of for a period of time.

Dr Meek—The very fact that this has been detected so quickly and dealt with before the plant has even reached any ability to flower suggests in fact the system is working quite effectively in that sense.

Senator McLUCAS—I agree with that, but the mistake gets made when we were assured that it would not, that the systems would be almost infallible.

Dr Meek—At the end of the day from our point of view the ability to say, 'Was there a risk to human health and safety or the environment'—I think quite clearly the situation was that there was not.

Senator McLUCAS—No, I understand that. Just a straight question: no audits were completed in that quarter?

Dr Meek—That is correct.

Senator McLUCAS—Can you explain why?

Dr Meek—As you would appreciate, audits can run over a number of quarters. There is the actual investigation itself and then it has to be written up. So it depends when the quarterly report—

Senator McLUCAS—It is a timing issue

Dr Meek—That is exactly right.

[4.42 p.m.]

ACTING CHAIR—We move now to Therapeutic Goods Administration.

Senator FORSHAW—Can you tell me if all soft gel capsule products that were manufactured at Pan Pharmaceuticals were recalled?

Mr Slater—To my knowledge, Senator, we have recalled all of the products that were manufactured in the relevant period.

Senator FORSHAW—We are talking about the relevant period. I am particularly asking about soft gel capsule products. Was all of that type of product recalled?

Mr Slater—We did a general recall of the products that Pan was manufacturing, so that should have included all gel capsules.

Senator FORSHAW—Are you aware that Pan manufactured soft gel capsules that actually were not listed products or regulated by the TGA?

Mr Slater—Yes. I am aware that there were some products that are regulated as foods that would be manufactured by Pan.

Senator FORSHAW—Do you know if they were recalled?

Mr Slater—We are certainly aware that TGA came across those products, because the TGA runs a registration of every product that is a therapeutic good and any product that is supplied in Australia must be on the register. Where we became aware that there were products that were not therapeutic goods we followed that up with the relevant authority, which of course is through state and territory law. Where we became aware that there were products that were manufactured in that period that were not covered by the Therapeutic Goods Act, we let the appropriate authorities know. What I cannot say to you, Senator, is that we were aware of every product that had fallen into that category.

Senator FORSHAW—Are you able to tell me what products you became aware of that were not regulated by the TGA that were manufactured by Pan that you then informed the state authorities of?

Mr Slater—I do not have that information to hand, but certainly we could take that on notice.

Senator FORSHAW—You could provide me a list of all of the products that you alerted the state authorities to?

Mr Slater—We will certainly go back and have a look at our records and give you a considered answer on it.

Senator FORSHAW—You should have those records, because this is a serious issue.

Mr Slater—Yes.

Senator FORSHAW—Would that include advising Food Standards Australia New Zealand?

Mr Slater—I hesitate to give you an answer yes or no on that, because in the end the relevant authorities here are state and territory governments. We would have been working with our state and territory colleagues to ensure that appropriate action was taken to recall these products. I cannot give you a definitive answer. I would need to check as to whether we advised FSANZ on this.

Senator FORSHAW—FSANZ are here. I can check with them later as to what they can tell me.

Senator ALLISON—But the intention was that they ought to be recalled? Is that correct?

Mr Slater—I make the point clearly that the Therapeutic Goods Administration could only act in relation to the Therapeutic Goods Act and the powers—

Senator ALLISON—But your advice to the state governments would have been what?

Mr Slater—Our advice was that these products represented the same sort of risk as therapeutic goods and it was up to them to take appropriate action. I am advised that in New Zealand a lot of the Pan products would have been classified as foods and certainly New Zealand took recall action on our advice to recall these foods.

Senator FORSHAW—How did you advise New Zealand?

Mr Slater—We would have advised the relevant authorities directly in New Zealand.

Ms Maclachlan—The New Zealand authorities actually came to the TGA, met with us, brought their auditors and went through in detail with us our inspection reports of Pan. So they satisfied themselves of our findings and then it went to an expert committee in New Zealand to decide on the extent of the recall and I guess finally the destruction of the recalled products.

Senator FORSHAW—I understand that emu oil capsules were produced at Pan. Some were listed under the TGA and some were not. Are you aware of that?

Mr Slater—Yes, I am aware of that, Senator. That is correct.

Senator FORSHAW—Just so we understand this completely, the emu oil itself would be produced by another producer or manufacturer and then Pan produced the capsules containing the emu oil? Is that the way it occurred?

Mr Slater—I am not an expert on that particular issue, but I do know of at least one sponsor that did do it that way. They supplied the emu oil and Pan had a process of manufacturing the capsule and the medicine.

Senator FORSHAW—That is what Pan does, isn't it, in large measure? Which was that company, do you know?

Mr Slater—I would have to check on that.

Senator FORSHAW—Was it Emu Spirit?

Mr Slater—Yes, Emu Spirit.

Senator FORSHAW—So they have a product which is listed as approved by the TGA and is sold. It was recalled?

Mr Slater—Yes.

Senator FORSHAW—Do you know if any other capsules manufactured by Pan containing emu oil were recalled, either listed or unlisted?

Mr Slater—I would need to check on that, Senator.

Senator FORSHAW—How long will that take you to check?

Mr Slater—I can check whether I have relevant information with me at the moment.

Senator FORSHAW—That would be appreciated.

Mr Slater—We would need to take that on notice.

Senator ALLISON—I notified the TGA that I wished to ask questions on this subject and was advised that the appropriate officers would be here.

Mr Slater—I certainly did not get that message, Senator. When did you do that?

Senator FORSHAW—Sorry, Senator Allison, about emu oil products?

Senator ALLISON—Indeed.

Mr Slater—I am certainly not aware of being notified that there would be questions raised here on emu oil today. I certainly did not get that message.

Ms Halton—We did not receive that advice in the department, Senator.

Senator Ian Campbell—Who did you advise, Senator?

Senator ALLISON—I think my office did it through the normal channels. Is Ms Bryan here?

Mr Slater—No.

Senator ALLISON—Ms McNeish?

Mr Slater—I would need to check. I cannot see her, Senator.

Senator FORSHAW—Can you recall any instance where you gave advice to any of the state authorities, or any other authority for that matter, that Pan was manufacturing emu oil in capsule form that was not listed by the TGA?

Mr Slater—I personally certainly did not. To give you the answer to the questions you have asked about other products we would need to check that information.

Senator FORSHAW—Please do that. So we have got it straight; if it is a listed product you can recall it? You know that?

Mr Slater—Yes.

Senator FORSHAW—If it is not a listed product you have not got any authority to recall it, but you would if you believe that it presents a danger to the public or if it is an issue of safety, you would see it as your responsibility to advise the other authorities of that?

Mr Slater—Indeed. The only caveat I would put on that is where it was manufactured by Pan, and we are certainly aware that Pan was not the only manufacturer of emu oil.

Senator FORSHAW—But these products that were recalled were manufactured by Pan.

Mr Slater—The Emu Spirit example that you gave was certainly one that was manufactured by Pan. What I cannot in any way imply is that products that were manufactured from emu oil by other sponsors were not manufactured by other manufacturers other than Pan.

Senator FORSHAW—Does that not present a bit of a dilemma for you; as occurred in this situation, you can take action based upon a belief that products may pose a risk or do pose a risk of serious illness or death, but you do not try and cover the field for the same products that might be available that are not TGA listed? In other words, did you make any inquiries of Pan to find out whether the products that you were recalling, which may have also been manufactured at Pan where the issues regarding their manufacturing practices were raised, included similar products being manufactured there and were not listed TGA products?

Mr Slater—Let me make it clear that where we do come across information that we cannot, as a regulator, take action on where we feel action should be taken, then we do advise other regulators, which may or may not be the states or territories or it could well be FSANZ. I am not able to give you chapter and verse about each example that may well have been referred to either the states and territories or where FSANZ may have been involved.

Ms Halton—If I could add to that: you understand, I know, that there is a boundary here between the role of the Commonwealth and the states. The Commonwealth does not actually have any power in relation to foods. Those are responsibilities of the states, and we do refer matters in relation to food to the states.

Senator FORSHAW—Yes, but what I am concerned about here is that it has been claimed by a manufacturer in regard to one of the emu oil products that it was recalled because it was a TGA listed product manufactured at Pan and it was caught up in this big recall, but there was the same product out there not listed as a TGA product, again manufactured by Pan, in capsule form that was not recalled and being still sold. As the recall was initiated by the TGA, I am concerned to know what steps the TGA took to ensure that its action of itself did not create problems in that you end up with half the products or some of the products being recalled and others not being recalled. It is a public health concern.

Ms Halton—I understand that concern. The reality is, though, that registration with the TGA enables it to make claims which a food item would not be able to make. In terms of the

public view about claims on a product which is registered, I think it is a fair observation that the public would regard a claim which comes on a registered product as having far more efficacy and relevance than a claim on a food. That said, the states are responsible for food and food recall and we are responsible for issues in relation to therapeutic goods. I think you have rightly hit on an area where there is a relatively close proximity between products in these two sectors. But I think as Mr Slater has indicated, we will get you the advice about what action was taken by the TGA to ensure that the other regulators were notified. I think Ms Maclachlan has already indicated to you that the New Zealand regulators actually came to visit the TGA. Ultimately, the actions taken by other regulators are their responsibility and their decision.

Senator FORSHAW—What I would also like you to do when that response is being prepared is to check whether or not the TGA was advised following the recall of the emu oil product manufactured by Pan for Emu Spirit and that company. Was the TGA advised of the fact that other products were being sold openly as a food and what did the TGA do in response to that advice?

Ms Halton—We are happy to take that on notice. We will come back to you.

Senator ALLISON—Can I go back to the earlier questions? Can the TGA advise why it was that it was even necessary for this product to be recalled, given the approvals, as I understand it, had been given for the product itself, that Pan was an authorised 'encapsulator', for want of a better word. This is a relatively simple process. You take a product and put it into a machine that puts capsules around it. Why did that present such a serious threat as to warrant the recall?

Mr Slater—We have talked at length here about the myriad and the catalogue of bad practices that were taking place in the Pan manufacturing—

Senator ALLISON—Was there any evidence of bad practice with regard to encapsulation? Was there evidence of contamination of other products in this encapsulation? What did you discover?

Mr Slater—Let me run through the answer. Those practices involved lack of cleaning between batch runs. It also involved substitution of ingredients.

Senator ALLISON—In products brought into Pan for encapsulation?

Mr Slater—Yes. There is a case reported in the *Financial Review* where there was a substitution of an omega oil with another oil which was rancid.

Senator ALLISON—Was it life threatening?

Mr Slater—It is the totality—

Senator ALLISON—No, this is a class A recall, and the question is: was it life threatening?

Mr Slater—If I could get to that; I would like to answer your question. We found a catalogue of these things. We took those audit findings to a committee of experts. It comprised five professors, experts in their field, headed by the chair of the medicines evaluation committee. That six-person committee gave the TGA advice that the practices were

so widespread and posed such a problem to public health and safety that imminent death or risk of serious injury was there now and was increasing over time. The TGA was therefore obliged to take action across the board. The committee went on to say that it could have no confidence in any of the products produced at Pan.

Senator ALLISON—So emu oil, even if it was mixed up with something else, posed an imminent threat of death and great danger?

Mr Slater—Are you saying there was no substitution?

Ms Halton—As an example of this kind of thing, you could not guarantee, for example, that royal jelly might not have been used in a machine either immediately before this product or, indeed, it could have been substituted. I think what Mr Slater is indicating is that the expert committee was sufficiently worried about the widespread nature of the substitution and the concern that machinery was contaminated. For someone who has an allergic reaction to, for example, royal jelly, if they swallowed something which was registered as being emu oil, I think the committee's view was that there was an imminent risk. Hence, because it was not possible to exempt any product from this likely risk, there had to be a complete recall.

Senator ALLISON—Which products was Pan handling which posed a threat to an adverse reaction—such as royal jelly? How many products were there which, if taken inadvertently, might produce an adverse reaction?

Mr Slater—Pan manufactured antibiotics for export. They manufactured antibiotics for use in veterinary products.

Senator ALLISON—What evidence did you find of veterinary antibiotics getting into any products for human consumption?

Mr Slater—You have asked questions on notice before about testing and we said that you could not rely—

Senator ALLISON—But I am not asking about testing now.

Mr Slater—But how do you establish that there is not any contaminant there unless you have some way of giving some safe guarantee that either a batch of product or the tablets in a bottle are free of contaminants? What the TGA was faced with was if one tablet in a bottle tested free of contaminants that does not mean another tablet in the bottle was free of contaminants. So the testing challenge to isolate products and establish that they were free of contamination was an impossible task.

Senator ALLISON—I would have thought a decision to at least encourage a recall—if not force a recall—for emu oil on the basis that it might have been contaminated with something which is not in and of itself life threatening was drawing a long bow.

Mr Slater—I am not sure how you establish that this was contaminated with something that was life threatening—

Senator ALLISON—That is what I asked you. What substances were being used that were life threatening?

Mr Slater—If you had a product that was contaminated with prescription medicines, which Pan manufactured for either export or in the case of Australia they were manufacturing batches of these—

Senator ALLISON—How many cases have there been of adverse reaction to mixing pharmaceuticals with emu oil or other substances?

Mr Slater—In answer to a question on notice we have given a list of the adverse reactions to Pan. We have provided the committee with details of the reports of adverse reactions subsequent to the recall of Pan products.

Ms Halton—One of the reasons we went to an expert committee was to take their professional advice about whether this was a sufficient risk. I was concerned that we not just rely on in-house expertise in this regard and that we actively seek the best advice from professionals in this area. I think Mr Slater has just gone through the eminent nature of the committee we put together. We thought it important that we take their advice about whether, given the practices that were endemic in this factory, that did present a significant risk. It was their collective professional judgment that there was an imminent and serious life-threatening risk. In terms of these judgments, essentially once you find the evidence of the behaviours then it does come down to a professional judgment about how much risk attaches to that. That is exactly why we had this expert committee give us this advice. That was their expert advice. This was not advice from departmental officials.

Senator ALLISON—Yes, I know about the committee and I know about the criticisms of the selective nature of the members of the committee—not to diminish their expertise in their own field. You would be as aware as I am of the criticism associated with the lack of representation from the complementary health sector. I do not need to argue all that today.

Mr Slater—I have not heard any criticism of the expert committee—

Senator ALLISON—I will send you some—

Mr Slater—that evaluated this because I do not think that is public. I think what you might be mixing up here is criticism of the expert committee that looked at making recommendations to the government about how the regulatory system could be improved. I do not think the eminent nature of this committee has come under question at all.

Ms Halton—I would have to support that. I have had no correspondence nor indeed has anyone raised with me any criticism of credentials of those people and the advice of the committee put together for this purpose.

Senator ALLISON—I have raised a question with the department of industry about Emu Spirit and they suggest that there is no—at least there was not the last time I asked—recompense for the cost of the recall. Emu Spirit say that their losses are in the order of $600,000, that they did the right thing and went to an approved encapsulater, that they had all of their product approved prior to having it encapsulated and they did all the processes. They were unlucky to be in the wrong place at the wrong time. What recompense is there available for such organisations?

Mr Slater—I know you asked the small business minister that question on notice. I think you got a fulsome reply from him. Secondly, they do have legal redress through the liquidator

of Pan. That would be the formal course through which they would pursue those direct claims of damage as a result of Pan's activities.

Senator ALLISON—How many successful claims have there been so far?

Mr Slater—To my knowledge the liquidator has not settled any of those claims to date.

Senator ALLISON—That would suggest that there is no opportunity at all for recompense.

Mr Slater—No, I do not think that is necessarily so. During the liquidator's wind-up activities all those claims will be dealt with. The liquidator will make some judgment about how to deal with claims against the company.

Senator ALLISON—It is my understanding that this issue has degenerated somewhat in your organisation to a situation where there has been the necessity for your public relations person, Ms McNiece, to offer an apology for statements made to the press at one stage. Can you enlighten us as to what has transpired since that time?

Mr Slater—I personally cannot. I would need to talk to Ms McNiece about that and come back to you on that.

Ms Halton—When you say 'degenerated', can you be a bit more specific?

Senator ALLISON—Yes. I believe that it has come down to accusations of dishonesty and nasty and incorrect things being said to the press about a director. I have a letter that states:

Ms McNiece accused me personally of being a serial complainant, a person of ill-repute, of being non-kosher, of lying, of attempting only to discredit my competitors and that I was a not a person that he—

and I am not sure who 'he' is—

should be talking to and that there was an apology provided as a result of this.

Ms Halton—I am not aware of that. I make the observation that if any person has a complaint of that nature they would be appropriately directing it to me as secretary of the department.

Senator ALLISON—I believe it was directed to Ms Ngaire Bryan.

Ms Halton—I will have a look at that.

Senator FORSHAW—Can you bring us up to date with where you are at with the laying of criminal charges?

Mr Slater—As discussed last time, this is a very difficult issue to be in any way expansive about, for obvious reasons. I can only advise you, as we did last time, that we have put certain matters to the DPP. We are working with the Director of Public Prosecutions, at their direction, to complete their work. We are also carrying out our own further investigation of matters where the evidence is to be put together for the DPP.

Senator FORSHAW—Have you referred any matters to either the New South Wales Health Department or the Australian Federal Police?

Mr Slater—I am not able to confirm or deny that, Senator.

Senator FORSHAW—Sorry, is it that you cannot answer the question because there is some constraint upon you or is it just that you need to—

Mr Slater—I do not know and I am not sure whether I should confirm it.

Senator FORSHAW—Why don't you take it on notice?

Mr Slater—I will.

Senator FORSHAW—You have indicated that you are obviously cooperating and working with the DPP. I am just interested to know if it goes beyond that to other authorities, either state or federal. Can you also tell me: have any charges been laid and then subsequently withdrawn or dropped?

Mr Slater—Not that I am aware of, Senator.

Senator FORSHAW—This is obviously taking a lot of resources and, therefore, one would assume cost to the TGA. Are you able to tell us what the cost is in dollar terms as far as the resources allocated to this investigation and follow-up activity are concerned, particularly what legal advice has been sought and how much that has cost?

Mr Slater—The answers that we gave you last time were indicative of the amounts of money we had set aside for legal costs here. The TGA has resourced its investigation largely in-house. There has been some assistance that we have had to get in terms of additional resources to process information and obviously the DPP has been providing resources to this exercise as well.

Senator FORSHAW—This has been going on for some time now. Can you give us any indication of when prosecutions might be launched?

Mr Slater—Senator, that is a matter for the Director of Public Prosecutions.

Senator FORSHAW—It is, but it is also a matter of public interest and it is also an important issue for the parliament to know. For example, how long is it likely that this investigatory process will take before any actual charges are commenced? I could point to situations in the past—and I am not being political about this—where similar investigations can run on and on and then in the end the whole thing becomes too hard and it does not really get finalised.

Mr Slater—Those are matters in the end of judgment for the Director of Public Prosecutions. We certainly are pursuing several lines of inquiry. Those matters are at various stages of finalisation. As far as the investigations being undertaken by the Therapeutic Goods Administration are concerned, we will be handing those matters over for consideration by the Director of Public Prosecutions when we have completed those. We await the decisions that they make about whether criminal prosecution or other charges would be laid.

Senator FORSHAW—You might need to take this on notice but hopefully you might have the information here. Can you outline all the staffing and administrative changes to the TGA since January 2003?

Ms Halton—That is potentially every person who has gone on leave and every person who is acting.

Senator FORSHAW—This information is sought fairly regularly.

Ms Halton—Are you talking about total numbers?

Senator FORSHAW—Yes.

Ms Halton—Just the numbers?

Senator FORSHAW—Yes.

Ms Halton—That is fine.

Senator FORSHAW—Could I have a bit of detail on programs. I do not want to know precisely who took what leave because I would not be entitled to ask that. I think you appreciate this is a regular request.

Mr Slater—We would need to go back to our records on that. We did give you a comprehensive answer on notice to your question in November about resource numbers. So you certainly have the details at a higher level on the resources the TGA has available, but we will take your question on notice.

Senator FORSHAW—Since January last year has the TGA increased any fees?

Mr Slater—Yes.

Senator FORSHAW—Which areas?

Mr Slater—We have increased the fees for evaluation reports and for annual charges—

Senator FORSHAW—How much? What is the increase?

Mr Slater—The increase in fees and charges related to an indexation charge for applications and an indexation charge for annual fees.

Senator FORSHAW—For what annual fees?

Mr Slater—I need to check, but I think indexation would also have been applied to GMP fees as well. I will check with Michael Lok.

Senator FORSHAW—Sorry, applied to what?

Mr Slater—Inspection fees for good manufacturing practices. There was an indexation fee for annual charges.

Senator FORSHAW—When you say 'indexation fee', how much was that?

Mr Slater—Let me go into a little detail for you. The TGA made a loss of around $2.7 million in 2002-03. The bulk of that, about $1.3 million, was non-Pan related.

Senator FORSHAW—I am having trouble, as I think other senators are, in hearing people today. Last time I remember the problem was that you could not hear us or me because I had a cold.

Mr Slater—What I was saying was that we had an overall shortfall of $2.7 million in 2002-03. These figures I am pretty certain are roughly right, of which $1.3 million related to underrecovery of applications and fees that related to non-Pan activities. There were some significant concerns for the TGA as reserves were getting to a seriously low point. We undertook our usual discussions with the industry to address those concerns. As a result of those discussions for some sectors the fees were adjusted more severely than others. The big area of adjustment was in the area of prescription medicines, where the intelligence that we

had from the industry sector and from our overseas regulatory information flows was that what was coming down the chute in terms of new pharmaceuticals meant that there would be a continuing shortfall in that sector. So there were fee adjustments in that sector and in the medical devices sector where our underrecoveries had been of the order of $9 million over five years to adjust those fees to bring them to the point where recoveries matched costs.

Senator FORSHAW—Would you be able to provide me with details in a table form—I am sure you have this detail—of the level of your current fees and charges, including training for this currently as compared to the previous financial year?

Mr Slater—Certainly, Senator.

Senator FORSHAW—If you could do that in a written form. What was the highest level of increase in percentage terms?

Mr Slater—The highest level of increase would have been in the medical devices sector where they had a projected shortfall in 2003-04 of some $2 million.

Senator FORSHAW—Yes.

Mr Slater—And, as we had made a loss overall of nearly $2 million, you can see the need to address that.

Senator FORSHAW—It is not for me to comment about that, Mr Slater, but what was the level of the increase? What percentage?

Mr Slater—It went from about $7.5 million for recoveries in that sector to about $9 million. So that is—

Senator FORSHAW—Can we narrow it down to—

Mr Slater—It is about 12 per cent, if I do my arithmetic right.

Senator FORSHAW—That is what I have been trying to get, Mr Slater.

Mr Slater—So that is in the devices sector.

Senator FORSHAW—Thank you. You provided an answer on notice regarding product testing after the Pan recall—question E03-104. You said that the only Pan products subject to the recall on or after 28 April 2003 that were tested by the TGA for safety were 10 products subject to adverse drug reaction reports and your finding was that none were proven to contain a substance that would have been the likely cause of the reported adverse drug reaction. Of the products that were manufactured by Pan Pharmaceuticals that were subject to the class 1 recall on or after 28 April 2003, have you tested any of these products, excluding the 10 related to the adverse drug reaction reports, to establish whether the recalled products were either life threatening or could cause a serious risk to health?

Mr Slater—No.

Senator FORSHAW—No. You are unable then to tell us whether any of the millions of Pan products subject to the class 1 recall from 28 April last year were actually dangerous or harmful? You cannot tell us that?

Mr Slater—We—

Senator FORSHAW—I think yes or no.

Mr Slater—Let me just be a bit more expansive than that. I explained earlier that we would have to test every tablet in every bottle, so frankly we did not see how that could be practically done to give a definitive result.

Senator FORSHAW—But the answer is, no, you are not able to tell us.

Mr Slater—No, we did not do that testing. We took the advice of a very eminent expert committee that said that these products posed a risk to public health and safety.

Senator FORSHAW—Your first answer was that, no, you had not tested any other products that were recalled?

Mr Slater—We tested products in relation to the adverse findings, excluding those products—

Senator FORSHAW—Yes, I said excluding those 10, because you gave us information about that. The answer was that, outside of those 10, you had not done any other testing. My question was that you are therefore unable to tell us whether they were actually dangerous or harmful. You have given an explanation as to why you say you were not able to do that or you did not think it was advisable to do it, but the answer still is that, no, you are not able to tell us whether they were actually dangerous or harmful. You just do not know, do you?

Mr Slater—We were relying on the advice—

Senator FORSHAW—Mr Slater, a simple no is sufficient. I am not trying to get you here. The claim was made that they were potentially dangerous or harmful. You do not know whether that was true or not.

Mr Slater—What I am trying to say is that our decision to recall these products was based on the advice of a very eminent expert committee—experts in their field—with skills in both complementary medicines and in non-prescription medicines whose advice was that these products represented an imminent risk of death and serious injury.

Prof. Horvath—Senator, perhaps I can comment.

Senator FORSHAW—You can, but the answer is still no.

Prof. Horvath—No, it is not strictly 'no'. It is much more complex than that. I was not Chief Medical Officer at the time but, speaking generically, we have heard that there was a significant level of potential contamination. Once there is that fact established, that there is a significant level of contamination in a plant across a range of product that they are making, the risk of any one single product being taken by a consumer is playing Russian roulette. So it is a very reasonable stance, and I support what Mr Slater said. It is not practical then to go and examine every single capsule of the recall to establish what was a prudent action. For example, if any of the products contained a penicillin containing compound, someone who has a penicillin allergy needs only the most minute proportion of that in a compound that they did not know to have a fatal reaction. So it is not a yes/no answer; it is almost impossible to determine the answer to your question. I hope that clarifies it, Senator.

Senator FORSHAW—I think you have taken it a bit further than I was in relation to the question I was asking. I appreciate everything you just said, Professor, but the point is that outside of those 10 specific products I was seeking to ascertain whether any others were

tested, and they were not. What I just said follows on from that: you cannot say whether they were dangerous and harmful or not. It is a simple matter of logic.

Senator McLUCAS—Mr Slater or Professor Horvath, you said you would have to test every single capsule or tablet to ascertain if they were dangerous or harmful. Wouldn't you just test a sample?

Prof. Horvath—Once you are in the area of contamination you just do not know. Mr Slater has made it very clear that the overall level of manufacture indicated the high risk of contamination. Under those circumstances you do not know what is contaminated and what is not. So it is prudent and safe in the public health interest then to have to make that judgment.

Senator FORSHAW—You seem to be very defensive about this. I have the information that I was seeking. With all due respect, I am not here to debate the issue of whether or not the decision taken was justified or not. I am not actually dealing with that aspect.

Dr McEwan—Could I perhaps address then Senator McLucas's question? All of the Pan events came to light because of the reporting with Travacalm, an over-the-counter travel sickness remedy. One of the great mysteries initially when we got the first few reports in were that at least two of the five people who were affected had taken the tablet once—a tablet from the pack—and it had no ill effect. Subsequently, from another tablet in the same pack they were admitted to hospital with profound central nervous system signs. We subsequently learnt of a person who was taking them because he got air sickness. On one day he took one and he thought it did not work. He hopped on another plane the next day and he thought it worked perfectly. He took a third tablet out of the same pack and was admitted to hospital via an ambulance. In that instance, Pan were not mixing things properly. So in certain instances it would be very dangerous just to look at a sample.

Senator McLUCAS—Thank you. That explains it extremely clearly.

Senator ALLISON—Can I perhaps just ask you, though, to clarify that this product was a pharmaceutical product, not a natural or complementary health product, as we understand it.

Dr McEwan—It was an over-the-counter, yes.

Senator ALLISON—Not to be confused with emu oil, for instance.

Senator FORSHAW—How many cases has the TGA become aware of involving incorrect or misleading labelling that it has then referred to the ACCC or state offices of fair trading?

Mr Slater—I could not possibly give you an answer to that from the information I have available.

Senator FORSHAW—In the last recent time, of course.

Mr Slater—I do not know. I will check whether anyone can add value. No, we would need to give you a considered answer on that.

Senator FORSHAW—If you could, and if you could provide the details of what has been referred to the ACCC. Also, does the ACCC or other agencies refer issues to the TGA?

Mr Slater—Yes.

Senator FORSHAW—Could you advise us of those referrals—what they related to?

Mr Slater—Yes.

Senator FORSHAW—Just briefly tell me what is the process that you follow when it comes to light that you believe that therapeutic goods have misleading or incorrect labelling?

Mr Slater—If we come across a misleading label or an incorrect label we have various regulatory options available to us. If the labelling does not conform to the standards, the TGA can take action to have that corrected or the product, in a case where that poses a risk to public health and safety, recalled to various levels. Where we find that a label contains information that is misleading, either in the form of information of almost an advertising nature, if you like, about the product—if that contravenes the TGA advertising code, the TGA is able to take action under that advertising code. If it is a matter of truth in labelling and it does not contravene one of those other matters, the TGA would refer that matter to the ACCC for investigation.

Senator FORSHAW—Presumably they provide you with a report when it is completed?

Mr Slater—Yes, one would expect—

Senator FORSHAW—Because it would not necessarily be made public.

Mr Slater—Yes, one would expect that—

Senator FORSHAW—the loop would be closed.

Mr Slater—Yes.

Senator FORSHAW—Could the result of that involve the TGA then taking steps to require the manufacturer to correct the labelling, or would that be the ACCC if it has been referred to them?

Mr Slater—If it has been referred to the ACCC, then if their advice back to us following their investigations throws light on whether the TGA could take action under its regulatory framework, we would do that. We certainly take that on board. If it is action that the ACCC took under its own legal powers or in fact decided not to—in other words, the decision is for the ACCC—I would hope that in closing the loop they would let us know about that. I am sure they do.

Senator FORSHAW—You are going to provide us with the details of ones that have been referred. Can I now just turn to the expert committee's report on complementary medicines. As I understand it, the process of consulting with the stakeholders was due to be completed by the end of January this year, 2004, and government to respond by the end of March 2004. Are we still on track with that time frame?

Mr Slater—No, there were a number of requests of the government to give a little more time for considered responses from various parties and those extensions have been granted.

Senator FORSHAW—Can you tell me how long this is going to take now?

Mr Slater—We are expecting by the end of the month the last of those inputs from interested parties and stakeholders. We would then be in a position to take the next steps to have a government response to the recommendations.

Senator FORSHAW—What form will the government response take? Who actually issues the government response?

Mr Slater—In the end that is a decision for the minister or the parliamentary secretary involved, but there are options. The normal response would be that, where matters could be dealt with administratively or financially within the capabilities of existing regulation, they would be able to be dealt with. Where matters require legislative change or policy change, they would be referred to the various process of government for approval.

Senator FORSHAW—The committee prepares the report and then it goes through the department to the minister? Is that the procedure?

Mr Slater—If you are looking for how the government might proceed on this I think one of its major—

Senator FORSHAW—I am just trying to understand the process between reporting, finalisation of the report and the next step. Maybe there is an interim report being prepared, I do not know—I think a statement of their thinking.

Mr Slater—Certainly the parliamentary secretary has made it very clear in her public statements that she intends to involve key stakeholders in formulating the government response. So certainly there will be wide involvement of key players in developing a response for government that addresses the committee's recommendations, forms and implementation plan to those recommendations.

Senator FORSHAW—Thank you. Can I just ask you some specific questions then, some of which you may need to take on notice. In a previous answer you said that the cost of the expert review was estimated at $207,000. Is that still the current estimate, or do you have some revised figure?

Dr Briggs—We have revised that figure. That estimate was made just after the second meeting of the committee. Subsequently, an additional meeting was considered necessary and additional secretariat support was considered important for the committee's deliberations. The cost associated with the expert committee now, including the preparation of the report and its publication and distribution, is $315,483 and that includes an estimated secretariat cost of $107,926.

Senator FORSHAW—Sorry, just give me that—

Dr Briggs—The cost of the expert committee report, including preparation, publication and distribution, is $315,483.

Senator FORSHAW—And it includes what?

Dr Briggs—That included a secretariat staff cost of $107,926—estimated.

Senator FORSHAW—You have talked about the consultation with the stakeholders. What will this slight delay in the process mean for implementing the recommendations, or any recommendations?

Mr Slater—I do not think it should make a substantial delay. What it will do, though, is certainly make certain that the government has a very informed response from all of the

stakeholders. That may well, in fact, allow the process of formulating a response to proceed more expeditiously; hence there may be little delay at all at the end of the day.

Senator FORSHAW—Can you tell me how many stakeholders have been consulted, what form the consultations took and whether they made written submissions? Would they be able to be provided to the committee?

Dr Briggs—There was a public launch of the report on, I think, 31 October last year by the parliamentary secretary and it was given some wide publicity. We posted it out to a list of about 80 stakeholders, if I recall. In addition, it went up on the TGA web site. Certainly to date we have had approximately 90 responses to the expert committee's report.

Senator FORSHAW—What about the submissions of stakeholders?

Dr Briggs—That includes the submission from stakeholders. That is part of the consultation. We have received about 90 submissions.

Senator FORSHAW—But are they able to be made public or provided to the committee? What is their status?

Mr Slater—They are not public documents per se; they are submissions and comments to the implementation process, specifically to the parliamentary secretary. If the committee wishes to have access to any particular submission or to all submissions, we would need to write to the submitter and seek their agreement to release that information.

Senator FORSHAW—Were they requested to keep their submissions confidential to the committee?

Mr Slater—Sorry, I missed that.

Senator FORSHAW—Were those who made submissions, particularly written submissions, asked to keep their submissions confidential to the expert committee?

Mr Slater—No, but just natural procedural fairness, I guess, would be that we would seek their agreement.

Senator FORSHAW—Sure. But I am wondering whether or not there was any sort of restriction at the start. We know, for instance, that with the operations of Senate committees increasingly you might find that people make their own submission publicly available in advance.

Dr Briggs—We indicated on our web site when we were calling for submissions that 'if you wish any information contained in the submission to be treated as confidential, please clearly identify the information and outline the reasons why it is confidential'.

Senator FORSHAW—Yes. I am talking about whether or not they were asked to keep their submissions to the committee confidential within the committee—in other words, not make them public by posting them on a web site, giving them to the media, or anything like that. That is what I was asking.

Mr Slater—No, I am not aware of that. I am aware that organisations have made the nature of their submissions quite public.

Senator FORSHAW—Yes. That was my understanding, too. I think that we were tying to finish the TGA by 6 p.m. to keep to a program. I am trying to prioritise these areas. One that I wanted to deal with was the sale of—you will have to help me here—ibuprofen.

Mr Slater—Yes.

Senator FORSHAW—Have you received any adverse drug reactions to this pain killer ibuprofen since it has been made available for sale in supermarkets?

Dr McEwan—I am aware of two.

Senator FORSHAW—Can you give us details of them?

Dr McEwan—Yes. One described an allergy, and we do not have any greater detail of the allergy and I have written to the reporter seeking that information. The other one reported some rectal bleeding and I have gone back seeking some information there because clinically the nature of the rectal bleeding might give some indication as to whether or not it could possibly be related to ibuprofen. So I have written to the reporter there. One of them did not give the patient's age and, from memory, in the other report the patient was taking another non-steroidal anti-inflammatory agent.

Senator FORSHAW—Have you received any complaints about the sale or increased availability of pain killers containing ibuprofen?

Dr McEwan—Specifically relating to ibuprofen?

Senator FORSHAW—Yes.

Dr McEwan—I think that it is public knowledge that the Pharmacy Guild of Australia and the Australian Medical Association both continued complaints that in their view this is inappropriate.

Senator FORSHAW—What form have those complaints taken? We are here talking post the decision to allow the sale.

Dr McEwan—Since the October decision.

Senator FORSHAW—We know what the AMA thinks.

Dr McEwan—Since the October decision was announced, there has been correspondence to the government, media releases and press conferences.

Senator FORSHAW—Have you been presented with any evidence of any increase in the abuse or misuse of pain killers since ibuprofen being made available in supermarkets?

Dr McEwan—No.

Senator FORSHAW—It has not been presented to you?

Dr McEwan—No. Could I just qualify that by saying that there have been some claims of people buying multiple packs of ibuprofen from a supermarket, and that clearly can happen. The intention of the regulation for general sale was that it be limited to small packs and the pack is clearly labelled 'Only take for a few days'. But I have had at least one letter saying, 'Here is evidence of someone buying five little packs from a supermarket.' Could I just comment, though, that it is important to keep in mind what the nature of the regulatory change was—that the same medicine in packs of 50 for the last eight years and a pack of 100 for a

later period has been available as a pharmacy medicine, which means that you can go in and take that, go to the cash register and leave without seeing a pharmacist. The profundity of the change can be overstated, if I can put it that way.

Senator FORSHAW—Is there a limit on the size of the packets that you can purchase in the supermarket?

Dr McEwan—Yes. There is a limit on the size of the pack that can be sold, but you cannot limit the number that you buy.

CHAIR—Or how many different supermarkets they visit.

Senator FORSHAW—Sure.

Dr McEwan—But in terms of any other proposition that there is widespread buying and abuse of them, no.

Senator FORSHAW—One of the complaints or concerns that seems to have been raised is that the warning messages on the products are not satisfactory. For instance, they are not large or clear enough to be readily read, can you comment on that?

Dr McEwan—Can I make two comments? The first is that if the criticism is valid it applies equally to the packs available from pharmacies and from supermarkets.

Senator FORSHAW—Has that concern been raised with you or have you heard about it?

Dr McEwan—I think I can honestly say no, that concern has not been raised directly that I am aware of, but it might have been raised in one radio program with me. I repeat that the same criticism is valid for both packs. The other is that the TGA has been working with the over-the-counter medicines industry—and we are probably at least up to speed with the rest of the world on this—in moving towards having performance based labelling, where the ability of a person to find a message and then comprehend the message is actually tested before the product is out, before the product is actually marketed.

Senator FORSHAW—You make the point that it may equally apply to pharmacies, but I suppose it is a qualitative argument, is it not, because there would be those who would say, 'Well, look, when you purchase the product at the pharmacy, even if it is over-the-counter or it is on the shelf in the pharmacy, there is more chance that the pharmacist would draw the person's attention to the nature of the product, for instance, as distinct from a person going through the checkout at Woolworths or Coles.' I am just positing here an argument that would be advanced.

Dr McEwan—I think it is important to reiterate that—

Senator FORSHAW—But you would concede that at least it is an argument?

Dr McEwan—It is an argument for which I am not aware of any definitive evidence either way.

Mr Slater—It is on record that the US and European countries have this product available through supermarkets and have had it available through supermarkets for a period.

Senator FORSHAW—So you are not specifically taking any action, or you do not feel there is any need to take any action, in regard to the clarity of the labelling on this product at this point in time?

Dr McEwan—I think we must always keep watching that and watching for any validity in the argument, but the answer is no.

Senator FORSHAW—I think we have reached the point where we were intending to move on to another area. I did want to clarify one question that you are taking on notice, Mr Slater, and that is in regard to the staffing changes that we spoke about. I asked you to give us the numbers. I would also like you to include, if possible, details of where there have been movements in senior staff within the TGA, not identifying individuals, necessarily, but where—

Ms Halton—Presumably, given this is the January period, excluding somebody who has gone to Batemans Bay? You are talking about permanent movement?

Senator FORSHAW—I do not regard a person going on holidays as being a change.

Ms Halton—No, exactly. Thank you. That is fine.

Senator FORSHAW—It is more a case of their leaving or being relocated or reassigned.

Ms Halton—We agree. I just wanted to be clear.

Senator FORSHAW—It is so long since I have been to Batemans Bay, Ms Halton, that I would like the opportunity.

Ms Halton—Me, too. It is not my beach of choice.

Senator FORSHAW—I think we will probably have to put the rest of our questions on notice with respect to the TGA. There are quite a number.

CHAIR—Thank you, Senator. If I could now go to FSANZ.

Senator FORSHAW—Could I ask, firstly, if the officers were present during the discussion with the TGA about emu oil? You were aware of the issues that were raised with the TGA earlier?

Mr Peachey—Yes, I am.

Senator FORSHAW—Could you tell us: did the TGA advise FSANZ of the situation with other products being manufactured by Pan Pharmaceuticals in capsule form containing emu oil?

Mr Peachey—We were in daily contact with the TGA at that time so there was a very close working relationship. As you were asking before, we investigated the possibility of food products being manufactured by Pan. We examined the Pan record that detailed what products it had. There were two products which fell into the food-type supplements category. One was a body-building supplement, as I understand it. It had only actually been used as a gift in some sort of demonstration and it had not actually gone to market. But the company concerned withdrew that product. The second product was a herb. I understand it was a horny goat weed herb; classified as a food, made no claims, no dosage. We contacted the manufacturer of that product and the manufacturer of that product agreed to withdraw it

voluntarily. As you would appreciate, as the secretary said, we do not have withdrawal powers; that resides with the states and territories. Through this process we dealt with the states and territories regularly. There were a number of teleconferences.

Senator FORSHAW—Are you saying that you were advised by the TGA?

Mr Peachey—Yes. We were in constant contact with the TGA. I think at the time it was every day there was some contact between our people and the TGA exploring just the prospect you are talking about, the possibility of food products being manufactured by Pan.

Senator FORSHAW—Was it drawn to your attention by retailers or other companies that emu oil capsules that had been manufactured at Pan were still being sold?

Mr Peachey—I do not recall any discussion with us—certainly with me—about emu oil capsules. They sound like a medicine to me, rather than a food. I do not believe we would have any reason to be dealing with emu oil capsules. I understand we were not advised anything about emu oil, no.

Senator FORSHAW—Are you aware that there are actual products that are in a capsule form that are not TGA listed that have emu oil in them that are sold?

Mr Peachey—No, I am not aware of any of those products available. Our activities are more centred around food. We do not go looking for—

Senator FORSHAW—This is what we are talking about. As I am advised, Pan manufactured soft gel capsules containing emu oil but that were not listed as a TGA approved product. They carry a number on the label. If it is listed, it is TGA identified as such, and is sold.

Senator FORSHAW—But this is what we are talking about. As I am advised, we had Pan manufactured soft gel capsules containing emu oil but not listed as a TGA approved product. If it is listed, it carries a number on the label and is TGA identified as such when sold. You are saying you are not aware of that, because that is the claim. Indeed, the company Emu Spirit had their product recalled by Pan because it was TGA listed. It was complaining, as I am advised, that there were other products out there on the shelves, virtually identical, manufactured by Pan but not withdrawn from sale because the TGA did not have the power to do that. You are not aware of this?

Mr Peachey—No, I am not aware of this. I just might remind you that we do not have the power to withdraw, anyway. That goes back to that issue—

Senator FORSHAW—But that is the secondary issue if you are not even made aware. So the products you were referring to earlier—the horny goat weed and whatever—were not in a capsule form?

Mr Peachey—I understand that horny goat weed was, yes. There was an issue I recollect at the time around definitions—sorry, goat milk capsules, I understand. But there was no dosage, no claim on the product. They were herbs and we treated them as a food.

Senator FORSHAW—That is often the difference: the TGA listed products have some claim made about them.

Mr Peachey—You would expect at the very least that medicine would be in a bottle, a capsule or a pill form with a claim, a dosage and all of that, yes.

Senator FORSHAW—Whether they are medicine or not is another debate that occurs in the community.

Mr Peachey—I omitted to say that one of the other steps we took during this time was to notify some regulators within the region. We were in contact, for example, with Singapore. Maybe some of the products you were talking about were for export only and were not destined for the Australian market.

Senator FORSHAW—No, these are products that are alleged to have still been on the shelves at the time that the Emu Spirit product had been recalled. That was the complaint. They were saying, 'Why has my product been recalled?' The answer: 'It has been recalled because the TGA ordered a recall of all of the products that it was able to have the responsibility for manufactured by Pan.' But Pan manufactures other products virtually identical using soft gel capsules containing emu oil. They do not come under the TGA's responsibility. They continue to be sold. It did not come under your responsibility, apparently, because you were not advised of it. That is the case? That is what you are telling me?

Mr Peachey—Yes.

Senator FORSHAW—So the answer is that you were not advised by the TGA of any particular products other than the ones you referred to earlier?

Mr Peachey—We were given a record by the TGA from Pan about the products that Pan manufactured. We went line by line through that record and discovered these two products that we believed were food. Then we took the action, as I recall.

Senator FORSHAW—I did not hear that. What did you say about foods?

Mr Peachey—We treated them as food products. One was a supplement for body builders. The other was this herb.

Senator FORSHAW—Was the supplement in a capsule form?

Mr Peachey—I do not recall. I do not know the details. I understand it was in a powder form.

Senator FORSHAW—But the horny goat weed herb was in a capsule form?

Mr Peachey—Yes, it was in a capsule form.

Senator FORSHAW—I am not familiar with it, of course, but does that contain emu oil?

Mr Peachey—I am not familiar with it, either. I could not tell you offhand.

Senator FORSHAW—Truth in labelling! I have seen the ads.

Mr Peachey—Maybe the ingredients panel on the side might have gone to the detail, but I do not know.

Senator FORSHAW—We will have to pursue that at another time. Can I then turn to one other issue: nitrofurans are cancer causing antibiotics that are banned for agricultural use in many countries; correct?

Mr Peachey—Yes. I will turn to our Chief Scientist, Dr Marion Healy.

Senator FORSHAW—Can you tell me briefly what the position is with nitrofurans, particularly in relation to if they become present in food in Australia?

Dr Healy—Nitrofurans are not permitted for use in Australia, as is the case in many other countries. That means that the residues are actually illegal if they turn up in Australian food products. Having said that, we are aware that recently there have been reports that there are several products with very low levels of nitrofurans. We have examined the levels of the nitrofurans that are present and considered the toxicological information and our conclusion is that, although the residues are technically illegal, they do not constitute a risk to public health.

Senator FORSHAW—I have your press release of 25 November, which refers to recent media reports regarding imported prawns containing dangerous residue levels of the antibiotic nitrofuran. You say there in part, 'Prawns found with nitrofuran residues are illegal, but not unsafe.' Does that not present a dilemma? If they are illegal, why are these foods not withdrawn or prevented from being marketed in Australia?

Dr Healy—Again, it is a question of whether enforcement action is going to be taken. The detection of these nitrofurans is a fairly recent event and Australia has recently developed a laboratory capability to actually detect the levels of nitrofurans. So we were able to follow up on earlier overseas reports and we now have some information about the actual levels in Australia. So it is a little bit of a dilemma. The levels that we see in the Australian food supply are not unsafe, but they are illegal. We have advised the various enforcement authorities, including the body that undertakes enforcement action at the border, which in this case is the Australian Quarantine and Inspection Service, and they have instituted a testing program.

Mr Peachey—If I could elaborate, in a different context, the levels that have been detected would require you and I to eat 1.8 kilos of prawns every day for the rest of our life for there to be any risk to public health and safety. On the basis of that sort of information we were most reluctant—

Senator FORSHAW—What a delightful thought!

Mr Peachey—to trigger some national—

Senator Ian Campbell—You might need some cholesterol lowering drugs.

Senator FORSHAW—I saw that at the end of your media release. The question then is: why are they illegal? We have a zero tolerance position on the presence of nitrofurans in our food chain, don't we?

Dr Healy—Yes, that is correct. Nitrofurans are not permitted for use in Australia; therefore the residues are actually illegal. The permission for use of nitrofurans was withdrawn in the early nineties and largely on public health and safety grounds. So it is considered undesirable to have ongoing exposure to nitrofurans at a significant level.

Senator FORSHAW—It seems to me to send a very confusing message when you put out a media release that says that the prawns have been found with nitrofuran residues—no matter how minute—which is illegal but not unsafe. Whether it is technically going to kill somebody or not or whether it is safe or not, the fact is that it is illegal. Don't you think you are sending a mixed message to people?

Dr Healy—Certainly they are illegal and the enforcement agencies have been advised and I understand are taking action.

Senator FORSHAW—What is that action?

Dr Healy—As I mentioned earlier, the agency that has responsibility for enforcement of Australia's food standards at the border, the Australian Quarantine and Inspection Service, has instituted a testing program.

Senator FORSHAW—What responsibility do you see FSANZ has to ensure that it is not made available for purchase beyond telling AQIS? Surely if it is illegal you have a responsibility to make sure that action is taken to make sure it is not sold.

Mr Peachey—Senator, if you were putting this in context, yes, we do not have permissions for this, but for us to take action—and we do have a role in the coordination of consistent enforcement action across Australia but we do not actually have enforcement powers—we would be relying on the jurisdictions to go and search for these prawns, whether they are imported or locally grown. We would have to establish what the levels were. In the unlikely event that they were at levels anything higher than we detected, some enforcement action might be taken. But you are talking about something that represents no risk to public health and safety, so there is a measure of discretion by the agencies involved. Where there is no risk to public health and safety, why would you instigate a national recall when we have both agreed that we would not be eating the quantities of prawns that would present a problem for any of us?

Senator FORSHAW—I see. Well, why is it the case that in the European Union those very steps have been taken? According to an EU web site, just in the last few days the presence of nitrofurans in shrimps from Indonesia and India has been detected. The comment here is—

> Consumers can be reassured that products subject to an information notification have not reached the market or that all necessary measures have already been taken.

Then it lists the information notification put out. You are aware, are you not, Mr Peachey or Dr Healy, that in the European Union they do not actually have a zero tolerance regime? They actually allow the presence of nitrofurans up to one part per billion, which seems to me to be pretty low but it is not zero. They try and test it down to the lowest presence possible. That action is being taken in the European Union. Are you aware of that?

Mr Peachey—We are aware of it, Senator.

Senator FORSHAW—So could you not do the same thing?

Mr Peachey—Well, now we have actually advised AQIS to put this on the risk list. There is an inspection regime in place whereby if nitrofurans are detected at the border we have the same outcome as in Europe: they become failed foods and do not come into Australia. The examples you were citing in the past were where there was product in the marketplace that we had monitored. That led us to the dilemma about—

Senator FORSHAW—I am looking at a table which is dated 9 February 2004, which is only a week or so ago. Does Food Standards ANZ conduct any spot checks on imported prawns?

Mr Peachey—No.

Senator FORSHAW—You do not? You rely upon AQIS to do that?

Mr Peachey—We have an arrangement with AQIS. AQIS, under its own legislation, does that. We provide the risk assessment to AQIS about what products should be inspected at what frequency.

Senator FORSHAW—What about imported honey? Is any testing done on that? I have my little jar of honey here, by the way, which I want to ask you about in a minute. I will not identify the brand.

Ms Halton—We can see the brand, Senator.

Senator FORSHAW—Do not state it, please.

Dr Healy—There are ongoing concerns about honey as well. There have been reports from overseas that, again, fairly low levels of nitrofurans have been detected in honey coming from some countries.

Senator FORSHAW—Sorry, which countries?

Dr Healy—I am aware of reports from Argentina, for example. We have taken the information from those overseas countries on the levels of nitrofurans that have been detected in the honey and, again, we have looked at what that would mean in terms of the risk to public health and safety in Australia in terms of the amount of honey that is being consumed and, to some extent, where it is coming from. Those residues in honey are at such a level that they do not pose a risk to public health and safety.

Mr Peachey—Senator, if I could give an example to illustrate the safety of that product, our advice says that you can safely consume 35 kilos of honey a day every day for the rest of your life and do so safely.

Senator FORSHAW—I love my honey, but not that much.

Ms Halton—Senator, how many millilitres would there be in that bottle, and where was it produced?

Senator FORSHAW—This has got 400 grams.

CHAIR—Honey prawns sounds like a good recipe.

Senator FORSHAW—This is actually somewhat serious. I actually checked the container of honey in my cupboard. The one that was opened, which was purchased earlier last year, had 'Packed in Australia' written on the side. This one says 'Packed in Australia from local and imported (Argentine) honey'. I am advised—I am indebted to my good friend Senator McLucas—that one of the reasons we are importing honey from Argentina is the effects of the drought. Concerns have been raised with you that there could well be traces of nitrofurans in Argentine honey?

Dr Healy—Yes, we are aware of that.

Senator FORSHAW—Have you done any testing or arranged for any testing to be done in that regard?

Dr Healy—There have been some difficulties in establishing an Australian capability in testing nitrofurans in honeys. As you would appreciate, these are highly specialised testing

regimes involving certain sorts of instrumentation. Having become aware of these reports from Argentina some time ago, the Australian laboratories have been developing a testing regime specifically for honey. While they have one in place for prawns, a regime is not yet in place for honey, as we understand it.

Senator FORSHAW—Is that the Australian Government Analytical Laboratories?

Dr Healy—I am aware of several different laboratories that are looking to establish a testing regime.

Senator FORSHAW—Okay. Do you know when that is likely to be available?

Dr Healy—No, I am sorry. We do not have that information.

Senator FORSHAW—So what is happening at the moment? It is just coming in and there is no testing being done?

Dr Healy—That is right. We have again had a look at the risk to public health and safety based on the reported levels from other countries for honey coming from Argentina. In terms of public health and safety we believe the risk is minimal.

Senator FORSHAW—Yes. Public health and safety is a very important concern, but it is also illegal for this product to enter this country, be sold in this country or be used in the manufacture of any other product in this country if it contains any trace at all of nitrofurans. Can you guarantee that the honey that is being imported from Argentina and sold here in Australia is free of nitrofurans? I have this unopened container of honey, which is going to stay unopened, too.

Dr Healy—What we can tell you is that there are reports of nitrofurans being detected in honey coming from Argentina and going into some countries. We have looked at what that means to public health and safety, we have advised the enforcement authorities and we understand that the agencies that have testing capabilities are developing the necessary testing so that imported products can be tested.

Senator FORSHAW—That means that, technically, you are accepting at the moment that a product that could be illegal can still be made available for sale in Australia. That is what it means, does it not, until we have a testing regime that can check whether or not it is legal?

Dr Healy—We could not say definitively at this time whether there are nitrofurans present in honey or not.

Senator FORSHAW—I know we cannot, but there is potential that they could be. You do not know, and there is a risk that it is illegal.

Dr Healy—If there were nitrofurans in the honey then it would not be consistent with Australia's requirements.

Senator FORSHAW—How long do you think it is going to take before you can determine whether or not you are allowing an illegal product to be sold?

Dr Healy—We do not have the information at this time on how long it will take the testing regime to be put in place. Once it is in place we will advise the authorities that have the legislative power to undertake the testing.

Senator FORSHAW—Can you arrange for testing on the product to be done overseas before it enters Australia? That is a quarantine and a TGA practice that exists with regard to many products?

Mr Peachey—I understand it might be feasible to send it overseas. It is an issue for the enforcement agency or the people at the border, in this case AQIS. The issue would be around the practicalities of taking the sample, sending it overseas and keeping the appropriate links in the chain in terms of—

Senator FORSHAW—Or testing it in the exporting country if they had those arrangements.

Mr Peachey—If the purpose was for some enforcement action to determine illegality or otherwise there would be strict requirements to ensure that the evidence is kept in a way that would stand up in court. It does raise some of those practical issues.

Senator FORSHAW—Do you know whether AQIS is requiring the product to be tested for the presence of nitrofurans in Argentina before it is exported to Australia?

Mr Peachey—I do not know the answer to that. As I understand it, AQIS does not have the power to impose those sorts of requirements on third countries anyway when they import product.

Senator FORSHAW—It is not a question of powers. We could get into long discussion about this, but I am aware that AQIS does arrange for testing of products in other countries. It happens all around the world. It is to do that very thing—that is, ensure that the product does not get into the country in the first place and then bring the disease in, if there is a disease.

Ms Halton—I think it is very hard for us. I do not think we should start straying into observations and speculations about AQIS. It is not our portfolio.

Senator FORSHAW—I am not trying to do that, Ms Halton, but what is said to me is that the responsibility for the testing is essentially with AQIS, not with FSANZ.

Ms Halton—That is right.

Senator FORSHAW—I am following that line of answers. What I am concerned about is that your agency apparently seems to be comfortable with allowing a product to be sold that is potentially illegal. I know it might be said that it is not a risk to health and safety, but the fact is it is potentially illegal.

Ms Halton—As they have indicated, they have informed the border control authorities of issues together with the risk assessment. Fundamentally, that is then an issue for AQIS.

Senator FORSHAW—Are you aware whether the Australian Government Analytic Laboratories is authorised to test for illegal antibiotics in food or is that testing undertaken by other agencies? I am not talking just about honey but other foods generally.

Dr Healy—Do you have any particular antibiotic in mind?

Senator FORSHAW—I should have asked the relevant agency. Do you know whether they test for illegal antibiotics in food.

Dr Healy—The reason I asked the question is that the only role that FSANZ would have in requiring any testing is if there were particular antibiotics of concern in particular foods at which time we would advise AQIS of those concerns. The arrangement that AQIS puts in place for testing is a matter for AQIS. We do not involve ourselves in those arrangements.

Senator FORSHAW—You mentioned AQIS quite a deal. You advised AQIS regarding the issue with prawns. Did you do it for honey as well?

Dr Healy—We had discussions with AQIS about reports from overseas of certain substances in honey.

Senator FORSHAW—But the problem is that they do not have any testing procedures or capability to do the test at the moment so the responsibility has been transferred. They cannot pick it up either. Does nitrofuran have a cumulative effect at all, given what Mr Peachey said—if you had a prawn binge or a honey binge?

Mr Peachey—You need to have 1.8 kilograms a day.

Dr Healy—When the risk assessments are undertaken for these kinds of chemicals the exposure to a potential chemical for a whole range of foods, together with the consumption pattern of those foods and the likely effects over a lifetime, are taken into account. In some cases, an international reference standard can be established which takes those factors into account.

Senator McLUCAS—So it is cumulative?

Dr Healy—I would not say it is cumulative in the same way that we would worry about for other sorts of substances. There can be a threshold level in some of these substances that one has to worry about.

Senator McLUCAS—Thank you.

CHAIR—That now concludes the consideration of the agencies for outcome 1. We will conclude the department after dinner.

Sitting suspended from 6.30 p.m. to 7.35 p.m.

CHAIR—I call the meeting to order. We are now proceeding with the departmental aspect of outcome 1.

Senator DENMAN—I want to ask some questions on the Tough on Drugs strategy. Since the introduction of the government's Tough on Drugs strategy in 1998, what is the total amount of funding that has been provided by the Commonwealth government for drug-free abstinence programs?

Ms Hefford—Funding provided for drug treatment programs does not discriminate between abstinence based programs and others. Treatment services can range from services that are providing counselling, those that are only doing assessments, those that are providing support, through to those that are providing a full residential rehabilitation service. The type of service being provided is based on the need of the client presenting to the service. Funding is given to services around numbers of clients, not by us determining which is an abstinence based program and which is not.

Senator DENMAN—Do you have any figures on the pharmacological treatments for heroin dependence and things such as methadone and naltrexone.

Ms Hefford—Let me start with naltrexone. Oral naltrexone is almost never used in pharmacotherapy treatment in Australia. The principal drugs used in treating opiate dependence are methadone and buprenorphine. Australia has approximately 30,000 people currently using programs of that type. The average length of stay of somebody on a methadone program is about seven months. But it is a continually floating, moving population. People will come into treatment, will stay for some time, perhaps move on to other things. Some people relapse. Opiate dependence is very difficult to deal with. We get quite high rates of relapse.

Senator DENMAN—I will come to that in a minute. Is there a reason we do not use naltrexone in this country?

Ms Hefford—Oral naltrexone has been found to be effective. The difficulty with it is it depends on the client willingly taking that tablet every day. It is a daily dose. Because it is a self-administered daily dose, it relies on a client being very, very determined to be opiate free. The other naltrexone option is a slow-release implant. They are currently being trialled in Australia but they have not yet been agreed, found to be clinically safe and listed by the TGA.

Senator DENMAN—Isn't methadone administered by the patient themselves, by the client?

Ms Hefford—Methadone?

Senator DENMAN—Yes. Is that a tablet? I thought methadone was a tablet.

Ms Hefford—Methadone is a liquid. Usually it is dispensed by a pharmacist.

Senator DENMAN—How many drug users have entered drug-free abstinence treatment programs?

Ms Hefford—The national minimum data collection we have records the number of clients in treatment but we do not have data that would distinguish between clients in a pharmacotherapy based treatment as opposed to another type of treatment.

Senator DENMAN—Do you have stats on how many of them stayed for at least three months in the programs, or is it like you have said with the other treatments—that they wander in and out?

Ms Hefford—We do not keep data on the number of clients who are in treatment for one month, three months or 12 months. We do not discriminate against clients who want to come into treatment. A client can go to a treatment service. If they are found to be a suitable person, they can be admitted to that treatment service provided that treatment service has the capacity. So they are not discriminated against, but there is not a way of recording how long they have stayed with any particular service.

Mr Stuart—The treatment episodes have been increasing. There were 30,000 episodes in 2001-02 compared with 19,000 in the previous year. So other things being equal, there is significantly greater treatment being provided.

Senator DENMAN—Do you a have a breakdown state by state on these figures or not?

Ms Hefford—Of treatment episodes?

Senator DENMAN—Yes. I would imagine, for instance, in populated states like New South Wales it would be higher, of course, than in my home state.

Ms Hefford—The national minimum data set does provide for us recording treatment episodes. We do have that data state by state, but I would have to take that on notice.

Senator DENMAN—Please, could I have that when you have taken it on notice. What are the total funds committed by the government to curb the supply and effect of illicit drugs?

Ms Hefford—In the Tough on Drugs national strategy, the federal government has committed over $1 billion. That breaks down into funding which is around supply reduction, funding around demand reduction and funding around harm reduction and is shared over a number of Commonwealth portfolios, including health, customs, Attorney-General's, Federal Police, DEST and FaCS.

Senator DENMAN—So are those figures available for the supply, control, prevention and the treatment in harm reduction figures as separate figures?

Ms Hefford—Yes. It is a complicated table because it includes additions from successive budgets over five years and includes a split across all of those portfolios. I can give you that information.

Senator DENMAN—Yes. Could you take that on notice.

Mr Stuart—We will just make it simple with those three headings, if you like.

Senator DENMAN—Yes. That is how I would like them, thank you. In the *Road to recovery* report, the demand for drug treatment far outstrips the supply of treatment. Has the government allocated additional funds to meet the shortfall? If so, what programs?

Ms Hefford—That is a complex question in that demand for treatment at particular times and in particular locations might outstrip availability. But that will not ever be a national picture. I have talked to treatment services where I have been visiting with them. They all say that they do not record waiting lists and they do not know the level of demand because the client group often live chaotic lifestyles or are unpredictable in terms of whether or not they are going to show up for a treatment. So it is very hard for us to gauge whether in fact demand is constantly outstripping supply or whether in fact there is sometimes a mismatch in particular regions or for particular services.

Senator DENMAN—Is there any evidence that additional funding being allocated to supply reduction has been more effective?

Ms Hefford—More effective than?

Senator DENMAN—Than the other programs?

Ms Hefford—Than harm reduction or demand reduction?

Senator DENMAN—Yes.

Ms Hefford—Again, that is an interesting question and I am sure that the Federal Police and Customs would have a view. I think that one of the most common things that we notice is the way the media handle these issues. Significant drug busts always get a good run in the

press, and so do heroin deaths. But I do not know that that is necessarily an adequate reflection of where we are achieving the most. We know that we have had significant reductions in the number of people using particular illicit drugs. Whether you put that down to the impact of the campaign material on television, the impact of education programs being run through the schools, the availability of treatment or whether it is about operation at the borders to reduce the import of particular drugs is hard to say. What I think we would conclude is that, overall, Tough on Drugs has been extraordinarily successful but it has been a collaboration across a number of different portfolios that has shown a partnering to achieve.

Senator DENMAN—Are there any figures available to show whether there has been an increase in the use in Australia of amphetamines, including by injection?

Ms Hefford—The data we have does show that there are shifts in drug use over the last three or four years. For example, with the heroin shortage between 1999 and 2001 we saw a significant shift. We also see from time to time a shift in the prevalence of a particular drug. But it moves and it is very hard to say that this is a constant trend. For example, in the last 12 months we have seen the first indications that methamphetamine, or 'ice', is becoming available in Australia. But they are still small movements. They do not necessarily constitute a trend at this stage. It is something, though, that we have to be aware of and we have to constantly monitor.

Senator DENMAN—Can you provide those figures for me.

Ms Hefford—The figures on?

Senator DENMAN—On the amphetamine use, if there is any increase.

Ms Hefford—Over which period?

Senator DENMAN—The last two years. Can you do it state by state? Is that possible, or is that asking a bit much?

Ms Hefford—I do not think I can do it state by state. If I can do it state by state, I will do so.

Senator DENMAN—I return to the heroin, which you mentioned in your response. During the period when heroin was not as freely available or there was not as much available, did the amphetamine use increase? Is that what you are saying?

Ms Hefford—We are not absolutely sure what heroin users did during that time. There have been shifts and changes on an annual basis. Our data always runs a little bit behind what is actually happening on the streets. We are not sure whether or not some of those changes are permanent or whether people who were not able to access heroin during the heroin drought have given it up for all time or will go back to it over the next year or two if it becomes available.

Senator DENMAN—It is very difficult in my position to gauge that in Tasmania because we do not have a heroin problem.

Ms Hefford—That is another important comment I would make. Heroin is the drug of choice more often in New South Wales than anywhere else. Other drugs are used in different combinations and given a different prevalence in different states. So the drug patterns that you

would see in Tasmania would be very different to what you would see in New South Wales, or the Northern Territory or Queensland.

Senator DENMAN—Is funding committed or available for the development of a pharmacological treatment for amphetamine dependence or related programs?

Ms Hefford—We have been funding research into the group of drugs that we call psychostimulants, including the amphetamines. There is research under way looking at treatment types, combinations of treatment, and advice and training and support to frontline workers, because what they are encountering is a client presenting with very different symptoms. We have undertaken funding of a number of projects of that kind. Unfortunately, the research in this field often takes some time.

Senator DENMAN—May I have those figures, please?

Ms Hefford—The amount of money being spent on research by the department into the psychostimulants?

Senator DENMAN—And the issues that are being researched.

Ms Hefford—The type of research and the amount of money where we are investigating psychostimulant treatments?

Senator DENMAN—Yes. Are there any figures available indicating the number of persons who have been imprisoned in Australia for offences related to their use of illicit drugs?

Ms Hefford—That is information that I would not have.

Senator DENMAN—Okay.

Ms Hefford—Attorney-General's might be able to help you, but prisons are managed by state and territory governments.

Senator DENMAN—What funding is currently committed or planned to be committed for drug treatment for such persons—I suppose that is state too, though, isn't it—while they are in prison? Are those people treated for their problem while they are imprisoned; is that a state program as well?

Ms Hefford—Prisoners are the entire responsibility of state and territory governments and do not receive services funded by the Commonwealth government.

Senator Ian Campbell—I will undertake, even though it is probably not within the realm of this committee, to get the statistics on arrests for drugs.

Ms Hefford—The Institute of Criminology might have them.

Senator Ian Campbell—I think the minister for justice would probably keep a close watch on that. I will refer the question.

Senator DENMAN—Is it possible for you to find out—I can probably do it—how the states deal with those prisoners, whether they treat them?

Senator Ian Campbell—That might be a bigger exercise, but I am sure the minister for justice will try to help in that regard.

CHAIR—I think the latter information will be in the hands of the states, unfortunately. But thank you, Minister, for that.

Senator Ian Campbell—I suspect there is quite a lot of material. I will refer it to the Minister for Justice and Customs and see if he can help you.

Senator DENMAN—Thanks. What funding is currently committed and planned to be committed by the Commonwealth and state and territory governments for the provision of needle and syringe programs? You would have Commonwealth funding, wouldn't you?

Ms Hefford—It is not my area.

Mr Stuart—While Ms Podesta finds her place, let me say that the high-level response is that the 2003-04 budget allocated $38.7 million over four years for supporting measures for the National Illicit Drug Strategy for needle and syringe programs, comprising $22.4 million for education, counselling and referral and $16.3 million for diversification of needle and syringe programs.

Senator DENMAN—Has there been an increase in that since 1996-97?

Mr Stuart—An increase in?

Senator DENMAN—The funding.

Mr Stuart—Certainly the 2003-04 budget provided a significant increase in funding.

Senator DENMAN—Thank you. What evidence is available to the department to indicate the effectiveness and value of the needle and syringe programs both in terms of money saved and in the prevention of infection—for example, HIV?

Mr Stuart—We have had a very important report called *Return on investment in needle and syringe programs in Australia 2002*. It is estimated that needle and syringe programs have avoided approximately 21,000 hepatitis C infections and approximately 25,000 HIV infections among injecting drug users since their introduction in 1988 and it was found to be a very cost-effective program.

Senator DENMAN—Do you have any figures—I suppose it is difficult to get figures—on those people who have died from those related illnesses? Would you have the figures on the deaths that are related to drug use?

Mr Stuart—The ABS series on causes of death in Australia would provide the most approximate diagnosis, which might be, for example, liver failure, but is unlikely to go back to the intermediate causes that may have led to the liver failure. That would be my guess.

Senator DENMAN—Thank you.

Senator ALLISON—I refer to the report in the press this morning about the 2001 national drug strategy household survey, which indicates some fairly alarming results in terms of ecstasy use by, in particular, young people. It was previously thought that this was a drug of preference for older, more middle-class users, shall we say. Can you comment on this? Does this suggest that there needs to be greater emphasis on young people and these kinds of drugs?

Ms Hefford—The most recent data we have is that provided by the national household drug survey from 2001.

Senator ALLISON—Yes, that is what I said.

Ms Hefford—In fact, the 2001 survey shows that ecstasy use overall is fairly stable in Australia. The underlying findings are that ecstasy use has increased in a younger age group, and particularly the female age group, but has decreased for older users. So overall ecstasy use is reasonably stable. The area where ecstasy use increased was found to be women in the age category 20 to 29.

Senator ALLISON—So what response will the current drugs strategy take in addressing that issue? Has this changed the approach that is being taken by governments so far?

Ms Hefford—That data is actually quite old and has been available to us for a couple of years now. What we are about to do is the next national household drugs survey. We have contracted AIHW to undertake the next survey, and the data collection process will be taking place throughout March and April this year. We expect the headline results from that next household survey, which gives us results from 27,000 households, by about November this year. We would be then looking at whether there are trends and patterns emerging. We do not know whether or not taking ecstasy is something that women in their 20s do but then give up or whether in fact it is something that is going to be of increasing prevalence. We need survey data every two or three years to look at what the trends are. As I said, the 2001 data actually shows that there had not been an increase in ecstasy use except for that one particular age group of women. While most state governments have been running programs and we have been, for example, introducing education programs throughout schools in Australia, it is very difficult to see whether or not you have actually had any impact until you conduct the next survey and get the next round of results and then you are able to see whether or not any of the strategies that have been part of the Tough on Drugs program have actually been effecting changes and, if so, where those changes have actually been shown.

Senator ALLISON—You are suggesting that overall there was not an increase in use but this change for women. As I read these statistics—I am only just looking at today's paper—there was a very alarming increase in the incidence of 14- to 19-year-old users of ecstasy. You say this is old data and you have known about it for some time? How did that inform the department about its program in schools, for instance?

Ms Hefford—Well, the REDI program, which is the program I am referring to, was actually developed and managed by DEST. I am sure they would be able to give you more information about that. But the survey results did help us to provide advice to DEST about making sure that ecstasy use was one thing dealt with in the education package. REDI has been out for some time now but has yet to be evaluated. I do not think there will be an evaluation yet for some months. Of course, there was also the national illicit drug campaign funded out of the Tough on Drugs strategy and developed by the department of health. We know that that campaign had a significant impact. They were the advertisements aimed at parents, asking parents to talk to their children and encouraging families to discuss drug issues. So there have been a number of initiatives of that kind. I guess I was suggesting that, having done those things over the last two or three years, it is very difficult to know whether or not we have had a substantial impact on any particular drug use pattern.

Mr Stuart—We do know that during that campaign 78 per cent of parents that were surveyed spoke to their children about drugs. That would have included ecstasy, for example. So that was obviously a very successful campaign.

Senator ALLISON—Well, it may have been or it may not have been.

Mr Stuart—Well, it was successful in terms of encouraging parents to speak to their children.

Senator ALLISON—I want to ask about the draft National Drug Research Strategy. As I understand it, the Intergovernmental Committee on Drugs established a research committee back in 1999, but as of November last year we still did not have a strategy, not even one which has been provided, I understand, to the minister, according to the answers to my questions.

Ms Hefford—That is correct. The question has come up before. As you said, it was established by the Intergovernmental Committee on Drugs, which is a body of health and law enforcement officials from all states and territories. The committee that was established provided a draft strategy, which was not supported by officials. When this matter was raised last November, we wrote to all state and territory governments seeking their support for us to release the draft strategy.

Senator ALLISON—Which officials are you referring to who did not support the strategy as drafted?

Ms Hefford—I do not have results from all states at this stage, but a number of states have come back and said they do not support the strategy being released. Officials from all states and territories decided to not proceed with the project because the draft they received was not of sufficient standard.

Senator ALLISON—Who is on that committee?

Ms Hefford—It is senior health and law enforcement, or police, officials from every state and territory government.

Senator ALLISON—And it was fed into governmental departments of health, presumably?

Ms Hefford—That committee authorised the work to be done by a small working committee. The committee came back with a draft strategy. The larger committee decided that the quality of the work was not sufficient to proceed with a project.

Senator ALLISON—In what sense was the quality not sufficient?

Ms Hefford—That it was not well drafted, that it was not well thought out, that it was not something that they could take back to their government departments or to their ministers.

Senator ALLISON—So what is happening now?

Ms Hefford—Presumably, a copy of the draft strategy is on a number of files throughout the country. I have asked state and territory governments if they would be willing for us to release it. I have not had responses yet from all states. I have from a number of states.

Senator ALLISON—You said it was inadequate, but you want it released?

Ms Hefford—I was asking if it could be released because you had asked a question.

Senator ALLISON—I understand.

Ms Hefford—They are refusing.

Senator ALLISON—So is there a critique of it? Is there something that would allow us to know in what respect it is not up to it? Does it tackle the wrong things? Can you give us some further idea of the kind of criticisms made of it?

Ms Hefford—I would be speaking on behalf of other people.

Mr Stuart—I would not like to speak for other jurisdictions.

Senator ALLISON—Let me put this to you. Was it rejected because it was not in line with the Prime Minister's Tough on Drugs approach, for instance?

Ms Hefford—As far as I know, not at all.

Senator ALLISON—Not any more?

Ms Hefford—No, not at all. The strategy does not, I understand, attempt to do something of that kind. It attempts to come up with a structure that could be used for making decisions about investment in research but does not do it clearly and does not do it well.

Senator ALLISON—Five years on, we still do not have anything. Meanwhile, some money presumably is going into research in response to drug problems? How is that decided at the present time?

Ms Hefford—The Department of Health and Ageing invests in research in this sector quite substantially. Our research dollars this year are $6.4 million. We provide funding to a number of centres of excellence that conduct research for us. The National Drug and Alcohol Research Centre at the University of New South Wales is one.

Senator ALLISON—Is it possible to get a list of the programs currently being funded or in the pipeline to proceed so we have some idea of what the priorities are at the Commonwealth level?

Ms Hefford—I can give you the names of the organisations which are receiving research funding from us for this financial year and I can give you the amounts of money. The level below that is where those research centres are currently developing and finalising their work plan for next financial year. They come to us with a work plan which may have as many as 15 or 20 research projects on it. We take advice about them and agree to a work plan for each of these organisations. Of course, we can also go to these organisations and say, 'This one has now become urgent,' or, 'There is a new emerging drug or an emerging trend which we would like you to research.' So, while they have a work plan, there is some flexibility.

We have the capacity to influence the sort of research that is being done. Each of the research centres we fund also provides an annual report which highlights its achievements in research terms over the last 12 months. There are a range of things that I could offer you. I could offer you annual reports from the previous year for each of these research centres or I could offer you their draft work plans, which are, as I say, a flexible draft which allows us to influence research and to say, 'Look, move this one to a higher priority.'

Senator ALLISON—I think that would be very interesting.

Ms Hefford—Which?

Senator ALLISON—The draft plans would be of interest.

Ms Hefford—The draft work plans from the research centres that we currently fund?

Senator ALLISON—Yes. I am sure other committee members would be interested in that too. In terms of new and emerging issues that the department might respond to with research, can you indicate to the committee what they are?

Ms Hefford—These depend on emerging trends and new issues. We work with a range of officials and experts. There are people in the research centres in these universities who provide us with advice about new issues and new trends. There are also people in other parts of the country with substantial expertise. For example, some of the members of the Australian National Council on Drugs have substantial expertise in this area. Sometimes advice comes to us from treatment services, who might notice a change or a shift in the type of clients who are presenting. They will tip us off to some new or emerging issue. So it comes in a range of different ways. I am sure that the next national drug household survey will also give us some indicators of areas where we need to conduct research.

Senator ALLISON—So if it is possible to get recent policy direction material—I do not know if you have a document that describes that—it would be interesting to have it.

Ms Hefford—It is more fluid than that. It really depends on sometimes even issues that are running in the press or the suspected increase of a particular type of drug.

Senator ALLISON—Assuming the work had been done the National Drug Research Strategy, how would it fit in with the way you set priorities and determine what research is to be done? If this had been completed, what was the intention of that strategy? Was it that all states and the Commonwealth would pool funding or that each would take a part of that national strategy? How was it envisaged to work?

Ms Hefford—It probably would have had a substantial impact in terms of establishing some sense of national priorities or national direction setting. What tends to occur at the moment is the Commonwealth has a research program with a number of centres of excellence which we fund, as I have just described. State and territory governments also fund a range of research projects. At the moment, there is no process whereby nationally there are agreed priorities or agreed strategies for the next year or for the next two years. There is a level of adhocery across states and territories about which type of research individual jurisdictions might choose to fund for this year or for next year. I guess the strategy was an attempt to overcome that. But it is a fairly difficult area.

Senator ALLISON—Just going back to the process about the strategy, what happens next? Are you just waiting?

Ms Hefford—I imagine that no further work would be done on it. I do not imagine that anything would happen.

Senator ALLISON—I see. So the whole project is lost? We are not going to have a national strategy in future?

Mr Stuart—A national strategy would clearly require national agreement and it seems that that is unachievable currently. So we are putting our energies into other things.

Senator ALLISON—Sounds a bit more dramatic than a report being a little inadequate. Does this suggest that the states are not being cooperative? How is it that after four years the whole thing has just fallen in a heap?

Ms Hefford—There are very strong differences of view across jurisdictions.

Senator ALLISON—I guess that is what I asked you before. I thought it was just a poorly written, badly focused report that you were critical of.

Ms Hefford—There are very strongly held different views across states and territories.

Senator ALLISON—Like what? Is it all the states versus the Commonwealth?

Ms Hefford—No. The drug issues are often very different on a state by state basis and what one state may want to be a priority may not in any way reflect as a priority for another state.

Senator ALLISON—But surely a strategy that is reflective of the local needs of that state would have legitimacy within a national strategy. Surely that is not enough to undermine the whole process.

Mr Stuart—This is a contested policy terrain between jurisdictions.

Senator ALLISON—I am trying to understand where the contest is. What is the big issue?

Mr Stuart—Jurisdictions differ to the extent to which they want to emphasise harm reduction versus regulatory or customs action.

Senator ALLISON—So does it come down to safe injecting rooms? Is that the sort of problem?

Ms Hefford—The whole of the drug area is quite contentious. In fact, there are quite strongly held differing views about the ranges of treatment types and about the value of demand reduction over supply reduction over harm reduction. There are strongly held views about where the best buy is for the research dollar. In this arena, where you are dealing with all jurisdictions and trying to seek agreement about a national strategy, there are disagreements about who should pay what proportion of the costs and who should be in a position to manage the expenditure of the dollars and all of those issues. I think it was probably quite an ambitious project. I do not think it will get up in the foreseeable future in any way.

Senator ALLISON—That is very disappointing.

Ms Hefford—That sometimes happens.

Senator ALLISON—So what has happened, then, to the Intergovernmental Committee on Drugs? Has that also fallen in a heap?

Ms Hefford—No. It is a continuing body. It meets regularly. Where it has commissioned pieces of work that are successful, these are forwarded to the Ministerial Council on Drug Strategy. The Ministerial Council on Drug Strategy meets twice each year and it includes health and police ministers from all states and territories and the Commonwealth.

Senator ALLISON—So apart from the research strategy being on the agenda, what are the other matters that it deals with?

Ms Hefford—There are a wide range of them. Recently, there has been a substantial body of work done on prevention. There has been work done on a review of alcohol advertising. There is also work going on now to develop a new national drug strategic framework because most of the framework and national drug strategy action plans which we have been working with over the last four years cease on 30 June 2004. So there is work now to develop a new national strategy to cover all of those areas. There is quite a range of work going on. Occasionally there is a piece of work which jurisdictions are unable to agree to proceed with.

Senator ALLISON—I want to share some anecdotes with you. As I travel around, I talk with a lot of community health centres where drug programs are being conducted. I have been surprised and alarmed, I might say, to find that, particularly in country areas, the drug problems are not heroin, cannabis or ecstasy but alcohol. About 80 per cent of people who present for drug treatment are in that latter category. Have you done your own survey of health services or drug and alcohol services? Am I just happening upon some areas that are unusual or would you say this is typical?

Ms Hefford—We do know that patterns of drug use vary substantially from state to state and they vary between metropolitan and non-metropolitan areas. We also have research that shows that alcohol is more of an issue in country Australia than in city areas.

Senator ALLISON—So there has been a study that shows that?

Ms Hefford—Yes. The National Drug Research Institute at Curtin University has done some work for us on alcohol prevalence. That included the finding that, particularly in some states, alcohol is more often the presenting issue in rural areas.

Senator ALLISON—Is it possible to get a copy of that study?

Ms Hefford—Yes.

Senator ALLISON—A study that came out just a few weeks ago by the Australian Divisions of General Practice looked at alcohol and young women in particular. Has the department had time to look at that study? What sort of response have you made to it?

Ms Hefford—I think you are talking about the study on alcopops.

Senator ALLISON—Yes.

Ms Hefford—We also have research and data of our own that very closely parallels some of the things in that particular report you are talking about. What we have been able to do in looking at our survey data on alcohol is establish that, while young people are not drinking more—so the total volume of alcohol consumed is not increasing—the prevalence of what we call the ready-to-drinks or the alcopops has risen. The use of full strength beer and standard spirits has actually dropped off. Yes, we know that there is a shift in preference, a shift in style of drink that young people are choosing. It is not really clear at the moment quite why that is happening. We have commissioned a further piece of research which we hope will take us to the question of why this is happening. The National Drug and Alcohol Research Centre at the University of New South Wales is conducting some research for us into a couple of issues. We have asked for some research which would be, in part, a blind study to see whether in fact it is

a taste preference or whether it is about the packaging, the marketing and the branding of these drinks.

Senator ALLISON—It is pretty obviously both, I would have thought.

Ms Hefford—I think their findings will help us to develop strategies to manage this. If you were to establish that it was largely about advertising, packaging and branding, I think we would probably go to the alcohol industry and want to take issue with them about that. We are talking about underage drinking.

Senator ALLISON—Underage, early 20s, late teens—it is not only a problem in the underage drinkers, I would have thought.

Ms Hefford—The alcopops study that the Australian Division of General Practice had done was looking particularly at the younger teen group.

Senator ALLISON—I actually have it here somewhere.

Senator McLUCAS—It is 12 to 22, or something like that.

Senator ALLISON—It found problems, as I understood it, at both ends of the spectrum. In terms of the dollar that goes into the strategy, how much is there for heroin and other illicit drugs and how much is there for alcohol? Have we got the balance right in terms of where the effort is being put at the present time?

Mr Stuart—The effort is in some ways qualitatively different. Ms Hefford mentioned underage drinking. Of course, the qualitative difference is that there are licit drugs and illicit drugs. In the licit drugs area, we are dealing with products that are freely able to be used in the community by people over 18.

Senator ALLISON—I understand that. This is the health department, though, isn't it?

Mr Stuart—Certainly. So what we are concerned about is overuse and use by people under age. There are a range of additional policy instruments available in the case of alcohol which are not available in the case of illicit drugs, such as price signals through excise and things of that kind.

Senator ALLISON—And regulations.

Mr Stuart—So there is a qualitative difference, yes.

Senator ALLISON—Sure. On that point, it is true, is it not, that many of the decisions, in a regulatory sense, about alcopops and those licit drugs are up to the states to some extent, although pricing, obviously, and excise would be a matter for the Commonwealth? Is this particular subject the subject of discussions at this Intergovernmental Committee on Drugs?

Ms Hefford—The Intergovernmental Committee on Drugs, the IGCD, certainly has on its agenda its work at the moment looking at the preference of ready-to-drinks or alcopops.

Senator ALLISON—New South Wales are doing an inquiry right now, aren't they?

Ms Hefford—Yes. Many of these issues came up at the New South Wales alcohol summit in August last year. The committee is looking at what kinds of recommendations it could take forward to ministers. Yes, you are right: some of these are regulatory matters for the state and

territory governments. For example, controls around sales and sales to minors and things of that kind are the responsibility of state and territory governments.

Senator ALLISON—So are there any actions the Commonwealth can take under the Trade Practices Act, for instance?

Ms Hefford—That is one of the issues we need to test further in the research. The industry, I am sure, would at the moment say that they are targeting people in their early 20s. I guess one of the things we have to see if we cannot establish is whether or not in fact the branding and packaging that they are using is particularly successful with a very young teen and whether or not that gives us the capacity to go back and talk to the industry about it.

Senator ALLISON—Is it possible to provide the terms of reference for that research and what the Commonwealth has asked to be looked at?

Ms Hefford—I cannot see any reason why we could not make that available.

Senator ALLISON—When is it expected to be completed?

Ms Hefford—Probably December.

Senator ALLISON—December this year?

Ms Hefford—Yes.

Senator McLUCAS—I have a question about alcopops. Another issue that has been put to me is that when the GST was introduced, the taxation treatment on alcohol changed and there were various amendments that occurred as a result of that. The taxation on spirits reduced as a result. This made alcopops relatively cheap, especially compared to wine and beer, at the time. I do not know if that is true. It has been put to me. I wonder if those sorts of questions are also being included in the research that you have requested from wherever it is in New South Wales.

Ms Hefford—The issue about taxation and excise duties is one for Treasury and not one that I would embark on doing a review of or conducting research around.

Senator McLUCAS—I am not trying to suggest that we change the taxation treatment. I am just suggesting that because of the changed taxation treatment, the cost of these types of mixed drinks came down as a result of the GST. I wonder if you could put that question to the people who are doing the research to see if there was a causal link between the cost of these products and their increased use. Maybe coincidentally the growth has been in the last three years.

Ms Hefford—At the point of time when the GST was introduced, all drinks that had less than 10 per cent alcohol content moved to an arrangement whereby they were taxed by their alcohol volume. That puts the alcopops, ready-to-drinks, beers and so on all into the same category where they are all taxed comparatively based on volume. In fact, it does not position the alcopops well particularly. We actually think it has not been a cause to drive the increased uptake of the alcopops or ready-to-to drink sector.

Senator ALLISON—Can we phrase that another way. Will your research look at whether there are sufficient incentives in place for alcopops to contain less alcohol, because they are mostly equivalent to full strength beer, are they not, at five per cent or so?

Ms Hefford—That is not a question we have asked. We have asked particular questions about trying to understand what the attraction might be to young people who purchase them. The other area that we are interested in is how that purchasing or acquisition takes place. We would not look at pricing or review pricing. That would be a matter for Treasury. It is hard to see how it could be an issue in this particular area when we know that people have moved from full strength beer to alcopops despite the fact that there is a level of price parity between them.

Senator ALLISON—But there is no evidence that people are moving from beer to alcopops. The evidence is that that is the first choice.

Ms Hefford—Our evidence very clearly shows that young people are drinking less full strength beer and more of the ready-to-drinks or alcopops.

Senator ALLISON—That is not quite the same as evidence to show that they have stopped drinking beer and are now drinking alcopops.

Mr Stuart—I think we are talking about as a group rather than as individuals.

Senator ALLISON—Aren't we interested in what individuals are doing and their behaviour and how to modify that?

Ms Hefford—I think we probably do not yet have enough information to have the rest of the discussion. The question is what causes young people to be attracted to these drinks and to buy these drinks. That is the point of the research.

Senator ALLISON—I do not know about the rest of the committee, but I would be concerned if we got to December and we had not asked a fairly critical question to do with cost and alcohol content and the choice that particularly underage drinkers are making. But you are saying this study will not do that.

Ms Hefford—Not the study that we have commissioned, no.

Mr Stuart—Apparently we have not included price in this particular set of considerations for the research.

Senator ALLISON—Or alcohol content? I am just asking about price or alcohol content. It would be interesting to know, for instance, whether it would be a positive move to have on the market not just five per cent alcopops but two per cent or one per cent alcopops. It may be that young people would be quite happy to drink the lower alcohol.

Mr Stuart—I think we have agreed to provide you with an outline of the research. Research always targets particular questions. There is always a very large set of candidate questions that would be interesting to follow through. On this one we have made our choices and we are very happy to provide you with an outline of the direction that is being pursued.

CHAIR—I draw honourable senators' attention to the time. We have 2½ hours left and we have outcomes 4, 5, 6, 7 and 9 to go. We are a little squeezed for time if you want to cover all those outcomes. Senator Allison, have you any more questions on that?

Senator ALLISON—Not on that specific point, no.

Senator McLUCAS—I have culled a series of questions that I had on outcome 1 down to about three. I would like to ask some of them this evening. I refer to the Menopause Institute,

which I did raise earlier today. Essentially, I am trying to get an understanding of what happens when the department sees the sort of advertising in the newspaper where certain claims are made. What role does the Department of Health have in overseeing or regulating that sort of advertising? I understand the states have a role in that, but I would not mind an answer on the record.

Ms Halton—I will start and then Professor Horvath can finish, correct or whatever else is appropriate. I think you probably are aware that the question of advertising in this regard is an issue of state regulation. It is the case—rightly, I think—that we take an interest in these issues. One of the things that can be done in respect of these sorts of claims, if in fact we believe that they are misleading, deceptive or indeed inaccurate, is go to the medical registration boards. So whilst we do not have a direct personal power, there are things that can be done. Perhaps Professor Horvath can complete that answer.

Prof. Horvath—The advertising codes that the various boards had during the 1990s very correctly changed from being very restrictive to really looking at it from the point of view of patient safety. Most of the state and territory registration boards treat advertising along the lines that they must be truthful, they must not be competitive and they must not make claims that are either incorrect or misleading. These are pursued very vigorously through the boards.

The power the Commonwealth have is that if they find that ads have incorrect material in them, like any other body, they can make a complaint to the appropriate registration board where they occurred. Those boards usually in the first instance determine whether there is a prima facie case. If that case is found, they give a warning for the ads to be withdrawn. In most circumstances, they are withdrawn but they may go on to prosecutions. Because of the difficulties of the boards registering medical practitioners, as a rule, most states—I cannot speak for all of them; I can certainly speak for New South Wales and some of the others—insist that a medically registered person be responsible for the content in the advertisement.

Senator McLUCAS—A medically registered person be responsible for the content?

Prof. Horvath—For the content.

Senator McLUCAS—So if the department were concerned about the content of an ad such as this, and I am just using this as an example, I am not suggesting—

Prof. Horvath—The avenue for us would be to make a complaint. I have not seen it, but I gather it is in the *Daily Telegraph*, a New South Wales paper. We can make a formal complaint to the New South Wales medical registration board.

Senator McLUCAS—Or their Office of Fair Trading, or whatever it may be called in that state?

Prof. Horvath—If it is medical, it would be to the New South Wales Medical Board.

Ms Halton—We will examine that advertisement you have drawn to our attention.

Senator McLUCAS—It is not just this one.

Ms Halton—No.

Senator McLUCAS—There are a whole heap of advertisements on erectile dysfunction. They say that they are going to save your life.

Prof. Horvath—The difficulty was that when the advertising provisions in all states and territories were removed, it came down to insisting that the law said that they be false, misleading et cetera. There was a reasonably rigid codification. Regrettably, good taste is not one of them.

Senator McLUCAS—Or efficacy.

Ms Halton—We could have a debate about various judgments about good taste on menopause versus erectile dysfunction, and possibly Senator Forshaw, were he here, would not agree with our judgments. I want to deal with a couple of things. We have a technical correction to an answer that was given earlier on, just to be absolutely precise about the answer. I would like to table it, if it is possible. It relates to one of the answers Dr Morauta gave earlier. I will give you precisely the correct figures.

Senator McLUCAS—On what matter?

Ms Halton—This is the question about private insurance. You asked a question about who had ancillaries and who had hospital only. We gave you some figures. We want to give you exactly the precise figures. I think Mr Whalan needed to correct and/or elaborate on something that was said earlier, with indulgence.

Mr Whalan—I refer to the discussion we had this morning on safety net data. I want to elaborate on the information and answer a question on notice that I took from Senator Forshaw. Senator Forshaw this morning asked about the breakdown of the 1,019 people who as at 5 February had got to the point where they had more than $500 in out-of-pocket expenses.

Senator McLUCAS—Or $1,000?

Mr Whalan—Yes; more than $500. Some are over $1,000. He wanted to know the breakdown. I gave that breakdown this morning. We then went on to talk about the number of people who had hit the existing safety net as at January 2002. I explained that there were 2,851 families at that point. I can now add that there were, on round figures, 1,800 individuals at the end of January 2002 who had hit the existing safety net. The question he asked me to find out as quickly as I could was how many of the people who had already passed the $500 threshold, some of whom had passed $1,000, would have hit the existing safety net. We have gone through the figures today and there are six who have hit the existing safety net. We have also updated the figures—the figures we gave were as at 5 February—to find out what the story was at 16 February, which is the latest information I can give you. Those figures for those people who have more than $500 out-of-pocket expenses, some of whom have more than $1,000, for January only have climbed from 1,019 to 2,753.

Senator McLUCAS—For January only, but we have moved from 5 February to 16 February.

Mr Whalan—I want to explain what is happening. Those figures will continue to climb for at least the next two months by a great degree. That is because the claims in respect of January continue to flow in for usually about 90 days after January, firstly, because people place their claim after the period and, secondly, because of the processing time for the claim.

But it is both. So the figures in respect to 2002 that I gave were figures that are only finalised some months after the end of any period.

Ms Halton—What you are getting at the moment is partial. No doubt you are like me; I have a pile of Medicare receipts on the edge of my desk.

Senator McLUCAS—I am healthy!

Mr Whalan—So the round figure of 2,800 already will climb substantially more over the next period. I just wanted to clarify that and to answer that question on notice that there are six in respect of that earlier figure.

Senator McLUCAS—Terrific. Thank you.

Senator ALLISON—Is it possible to get the figures you passed around earlier by age groups?

Ms Halton—I do not think we have age, but we will take that on notice and get back to you.

Senator ALLISON—We know precisely how many—

Ms Halton—I do not know whether we have it broken down in terms of what they have, but we will come back to you.

Senator ALLISON—Thank you.

CHAIR—Senator Allison, were you seeking a clarification on some of the answers that you received?

Senator ALLISON—Yes. The questions I referred to earlier which were answered on 2 November. I asked two further questions about research into the economic drivers of the illicit drug market and whether the Commonwealth had commissioned research. I asked when and got a yes answer. Could that be looked at again? The same applies to question No. 8 about marketing strategies of drug syndicates. That is a little less clear. That one says, 'If not, does it plan to do so?' Could I have some more information on both those questions.

Ms Halton—It may be that these questions are not for our portfolio. We can answer in the abstract—that is, we know that something has happened.

Senator ALLISON—They were to the Minister for Health and Ageing and they were part of the set of questions that I pursued earlier about the research strategy.

CHAIR—You could give them again just for clarification.

Senator ALLISON—It is extra information rather than just a yes.

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

Senator McLUCAS—I have decided to put them on notice for outcome 1.

CHAIR—Thank you. I thank all the officers associated with outcome 1. We will move on now.

Senator ALLISON—On indulgence, please, I have a question on the Ministerial Council on Drug Strategy. Has there been any discussion in that council about tobacco, a licit drug, in terms of the nicotine content and other opportunities that the Commonwealth may or may not

see for reducing harm from tobacco? It has been suggested—no doubt you have heard it too—that if there were a regulated approach to tobacco, over a period of time we could reduce the harmful content in cigarettes. Has that been raised yet in that council?

Ms Halton—I think the answer is that we are not sure. We might have to get back to you.

Senator ALLISON—That is fine on notice. Thank you.

Ms Halton—Sorry. The answer is no, I am told.

Senator ALLISON—Could I have an 'if not, why not'?

Ms Halton—I do not know that there is necessarily an answer to that question.

Mr Stuart—It has not been on the agenda.

Senator ALLISON—Maybe I will send in an agenda item.

[8.43 p.m.]

CHAIR—I call officers for outcomes 4, 5 and 9: Quality health care, Rural health care and Health investment. I ask senators to try and roughly keep to a subject so that we are not going all over the place.

Senator BOSWELL—My question is in relation to stem cells, the biotech industry and BresaGen. To whom would I address that question?

Ms Halton—What is the nature of the question?

Senator BOSWELL—I understand that, under the legislation, BresaGen were going to get some money from the government. BresaGen were to be a partner on stem cells. BresaGen have gone into receivership. Has the government paid BresaGen any money?

Ms Halton—I suspect it is an office of the NHMRC.

Senator BOSWELL—It is, yes; NHMRC. I will repeat my question to the officers from the NHMRC. It concerns the stem cell research. BresaGen were to be a partner with the Trounson stem cell company. BresaGen have gone into receivership. Has the NHMRC paid any money to BresaGen?

Prof. Pettigrew—I do not believe the NHMRC has paid any money to BresaGen as an administering institution for a research grant. However, I could certainly take that on notice and check that.

Senator BOSWELL—There was an agreement that it was to pay of $8 million to BresaGen. As I said, BresaGen has gone broke. I was just wondering whether that money has gone in. You say no. I ask you to take that on notice and let me know.

CHAIR—Professor Pettigrew has already offered to do that.

Senator BOSWELL—Thank you. How much money has gone to the National Stem Cell Centre from the government?

Prof. Pettigrew—The management and funding of the National Stem Cell Centre is managed by a combination of the ARC and Biotechnology Australia. The NHMRC has no involvement in the funding of the National Stem Cell Centre. Researchers who are

participants in that National Stem Cell Centre have in the past held grants from the NHMRC, but we would need to check our records.

Senator BOSWELL—Could you tell me how many grants have gone from the NHMRC and whether any money has gone? Who are the people you said allocated the money?

Prof. Pettigrew—The Australian Research Council, which is in the Science portfolio, and Biotechnology Australia.

Senator BOSWELL—Which is?

Prof. Pettigrew—It is based in the Industry portfolio.

Senator BOSWELL—You will let me know on that. Thank you very much, Madam Chair. That is all I wanted to ask.

CHAIR—Thank you, Senator Boswell. Thank you to the NHMRC. That is the extent of your questions this evening. You can take an early mark.

Prof. Pettigrew—Thank you very much.

Senator STEPHENS—I have questions on outcome 5, rural health. Ms Halton, in terms of the additional estimates statements, can you explain to me in table C5.2, which is the explanation of the variations of outcome 5—

Ms Halton—Which is on what page?

Senator STEPHENS—It is on page 114. Can you explain to me what, under appropriation bill No. 3, the rephased amounts for the medical specialist outreach assistance relates to?

Ms Halton—Yes, we can.

Ms Cole—The $600,000 is money rephased from an underspend in the Medical Specialist Outreach Assistance Program from last financial year into this financial year.

Senator STEPHENS—I understand that project was introduced in the 2000-01 budget.

Ms Cole—That is correct.

Senator STEPHENS—And that there was $48.4 million committed over a four-year period.

Ms Cole—That is correct.

Senator STEPHENS—Is it possible for the department to provide details of that expenditure since the 2000-01 budget, the four years of the appropriation?

Ms Cole—We are still in the final year, of course. Do you mean the previous years?

Senator STEPHENS—Yes.

Ms Cole—Yes, we can do that. Can we do that on notice?

Senator STEPHENS—Of course, yes. I am very mindful of the time, so probably you will have to take most of my questions on notice. I am reading the guidelines. Only new services are funded under that program. Is that right?

Ms Cole—That is correct.

Senator STEPHENS—Are you able to provide details of the new services that have been funded as well, on notice?

Ms Cole—We can. We can give you a table which will show you where those services are, in what specialty and to which towns.

Senator STEPHENS—Thanks. I also note that the funding is not submission based.

Ms Cole—The funding is allocated. There is an allocation by state based on population in rural areas. There is usually then an allocation by region. We have what we call a costed service plan for each region, which outlined basically the top five or six priorities in terms of specialties for those regions. Basically after that we invited specialists to provide those services in that specialty.

Senator STEPHENS—So you are suggesting that those priorities for those regions are then linked to the department's priorities?

Ms Cole—They are more of an analysis of the community's needs, taking into account things like what services are available and the health needs of that community.

Senator STEPHENS—I see. Does the funding form part of the Commonwealth-state health agreements

Ms Cole—No, it does not.

Senator STEPHENS—In relation to rural health services, the document makes reference to up to 10 new rural health services to become operational. Can you provide details of which are the priority regions for the services?

Ms Cole—You mean regional health services?

Senator STEPHENS—Yes.

Ms Cole—Yes, we can.

Senator STEPHENS—Going now to the other priority, which is MPSs, I notice in the performance measures that you have a performance measure on the quality. It says that all multipurpose services comply with service agreements and meet identified community needs and that the MPSs participate in the Australian government quality improvement program. Can you provide some information to me on the quality improvement program? How many comply and what are the issues around compliance in bringing the MPSs up to speed?

Ms Cole—Can I take that on notice?

Senator STEPHENS—Absolutely.

Ms Cole—Thank you.

Senator STEPHENS—You also have eight new MPSs to be established in this financial year. Can you provide details of the new locations, please?

Ms Cole—I can give you a list of the proposed sites for MPS, which is actually more than eight. I can also give you a list of the sites which are currently approved but not operational.

Senator STEPHENS—On that point, there is a map on the web site. I presume you maintain that rural health web site?

Ms Cole—Yes, we do.

Senator STEPHENS—It only provides detail of the services to July 2002. It says it is currently being updated to July 2003. Do you have any idea of when that will updated?

Ms Cole—We are currently working on that and we are hoping to have it done within the next, say, month to two months.

Senator STEPHENS—I have a question on the Rural and Remote Pharmacy Work Force Development Program.

Ms Cole—That is actually a program run by my colleague.

Mr Lennon—What would you like to know about the pharmacy program?

Senator STEPHENS—Lots, actually, but I will not bog you down this evening. I just wanted to hear a little about the infrastructure grants scheme and how that is operating. Applications are called for during the first week of September and they close in October each year. Are you able to provide some details of where that funding has gone?

Mr Lennon—I do not have that.

Senator STEPHENS—Take it on notice; it is fine.

Mr Lennon—I do not have that detail in front of me, but I can certainly get it for you.

Senator STEPHENS—Thank you. Are you responsible for all of the workforce development program and liaison with the Pharmacy Guild?

Mr Lennon—I have responsibility for the Rural and Remote Pharmacy Work Force Development Program, yes, within my branch. That is right.

Senator STEPHENS—So in terms of the work force development program, skilled pharmacists and locums and the opportunity for Aboriginal and Torres Strait Islanders to provide pharmaceutical services or to participate in that work force was an issue that we heard quite a bit about during the Medicare inquiry. It was about retaining professional skills in rural and regional areas or attracting professional skills in rural or regional areas. I am just trying to get an understanding of the way in which that work force development program is addressing those issues. I am working my way through the information that is on the web site.

Mr Lennon—I want to clarify whether in fact you are referring to the work force development program for GPs. We can provide a bit more information. I will call on one of my colleagues to do that for you.

Senator STEPHENS—I am happy for you to take any of this on notice. I am interested in knowing where these people are located.

Mr Lennon—We can provide a more complete answer if we that on notice. I will do that.

Senator STEPHENS—Thanks. I want to ask about funding for IT infrastructure for rural and regional practices. Has the initiative in the Medicare package come from the Department of Health or does it come from somewhere else?

Ms Halton—There are plans for getting broadband access. That is a program that we are administering. It is not this program, but that does not matter. It was part of the government's first round of Medicare announcements last year, not the MedicarePlus package but the

previous package. Whilst it is our money and our responsibility to administer, we are obviously working very closely with the Department of Communications, for example, and a range of other bodies on the rollout of that broadband strategy.

Senator STEPHENS—Ms Halton, you might be interested in looking at the evidence provided to Senator Lundy about the lack of the rollout of that infrastructure package and the issues that that might present for you.

Ms Halton—I would be very happy to look at it. I think we need to be a bit clear. Everyone is hot to trot yesterday on this. There is a certain amount of preliminary work that is necessary to get that strategy in place. That was taken on evidence, was it, or was it somewhere else?

Senator STEPHENS—I think it was yesterday.

Ms Halton—I will certainly review that evidence, yes.

Senator STEPHENS—I have a few other questions, Chair, but I am quite happy to put them on notice. They seek some detail and clarification. Thank you very much.

CHAIR—Anything further on rural health? If not, thank you very much. The officers from NHMRC are excused. Do we want to go back to outcome 4 on quality health care or—

Senator ALLISON—What outcome have we just done?

CHAIR—We were just on outcome 5, but we had Senator Boswell just come in for those couple of questions on outcome 9. I seek your guidance as to whether you would like Senator Crossin to cover outcome 9.

Senator McLUCAS—The reason why we put 4, 5 and 9 together is that there is a lot of intercrossing between those matters. I would really prefer it if we could keep 4, 5 and 9 together until we have finished the three of them.

Ms Halton—The NHMRC have gone.

Senator McLUCAS—Except for the NHMRC.

Ms Halton—That is fine.

CHAIR—Thank you, if that is satisfactory.

Senator McLUCAS—Thank you. It is just that we will get confused otherwise.

Senator CROSSIN—I have some questions to follow up in relation to the WHO resolution on the elimination of avoidable blindness. There are not many questions. At the last estimates, I was advised that responsibility for the WHO resolution and Australia's commitment to implementing that resolution resided with outcome 9. Is that correct? Am I in the right place to be asking questions about this?

Ms Halton—I think it is the responsibility of the Office for Older Australians. Can you perhaps tell us what the question is.

Senator CROSSIN—I want to know if I am in the right place, first, because there was some confusion about that in November. People kept referring me to outcome 9. I want to be certain we are in the right place this time.

Ms Halton—The coordination in the department of issues in respect of, for example, Vision 2020 is undertaken in the Office for Older Australians, so it kind of crosses between our international area and that branch.

Senator CROSSIN—It is not exactly Vision 2020; it is a WHO resolution.

Ms Halton—In which case it is our international area, yes.

Senator CROSSIN—Vision 2020 sponsored it in conjunction with your department.

Ms Halton—That is right. Ask us the question and we will see how we go.

Senator CROSSIN—I want to know exactly what the role of the Commonwealth is in implementing or committing to this resolution. How is that coordinated?

Ms Halton—I will have a stab at this because I think the officer concerned is not here. When I run out of puff, we will take the rest on notice. Essentially, we have met with a number of the key lobby groups in respect of that particular resolution. We are going through a process not only within the department but also with other departments to look at current policies, programs and practices, firstly, in terms of whether they are consistent with those resolutions and, secondly, to think about what we can do proactively. I know you are very conscious of the issues for Indigenous Australians, but there are other issues, such as, for example, older Australians.

The officer concerned has recently informed me that he has met with officers from other departments such as the Department of Veterans' Affairs. But I know there is liaison with, again for example, the Department of Foreign Affairs and Trade on those resolutions. Whilst I cannot say to you at this point that the following six actions will result, a lot of what this is about in the first instance is working out what individual agencies and then jurisdictions do that are relevant to those resolutions and thinking about how one pulls them together in a coherent fashion.

Senator CROSSIN—So your department takes a lead coordination role in respect of this?

Ms Halton—We have not been nominated as such, but I think we have taken it on ourselves because issues around blindness are relevant to a significant number of the programs that we run and, indeed, the target groups that we would be particularly concerned about, such as older Australians, Indigenous peoples et cetera. So we have essentially taken it on ourselves to do a bit of work across the Commonwealth in that respect, yes.

Senator CROSSIN—So in relation to, say, Indigenous eye health specifically, does OATSIH make a contribution in some way towards implementing this resolution?

Ms Halton—The work that is going on at the moment is to look to see what is going on and then to make an assessment about whether that work is consistent and whether we need to do more. I know Ms Evans has given you evidence in the past about what we have been doing on eye health issues. The officer concerned, who is an SES officer in another part of the department, has had this discussion with OATSIH in the recent past.

Senator CROSSIN—So would it be fair to say that you are actually doing an audit of your program?

Ms Halton—I would not want to use the technical term 'audit' because that implies perhaps something more than it is. But are we doing a bit of a stocktake? Yes.

Senator CROSSIN—Is there some sort of time line for this? I notice that the resolution commits the parties to actually setting up not later than 2005 a national Vision 2020 plan. Do you aim to get this done by the middle of the year or the end of the year?

Ms Halton—I met with the Vision 2020 people towards the end of last year; I would be lying if I tried to tell you precisely which month it was. We said we would meet again in the first half of this year to review, firstly, where we are up to and, secondly, what we thought needed to be done in respect of Commonwealth and indeed Australian activity. So what I have asked my officers to do is to, without being excessive about it, fairly zealously prosecute this agenda so that we can be well positioned by about the middle of the year.

Senator CROSSIN—What progress has actually been made on developing some of the aspects contained within this resolution? It talks about establishing a national coordinating committee. Has that occurred?

Ms Halton—Well, again, I think it is fair to say that we are in the early stages. Is there a formally established by government national coordinating committee? No, not at this point, although there are a number of people external to government who have formed together to create a structure. Are we, however, taking action which is consistent with the intent of that? Yes. As I have said, the instruction that I have given my officers is that they come back to me before the middle of this year with a plan in respect of all of those issues.

Senator CROSSIN—So you are looking at setting up some sort of committee?

Ms Halton—We will consider that. What I cannot prejudge is the advice I get about whether, for example, we have existing mechanisms that might be used for this purpose, whether we should have a committee et cetera. But I can assure you that that issue will be tackled and tackled explicitly.

Senator CROSSIN—Are you on track to perhaps have a plan by no later than 2005?

Ms Halton—I would be disappointed if we did not have one. But, given that the first major milestone I have set my officers has not been set yet, it would be unfair of me to prejudge whether they are on track or not. I have confidence in them, however.

Senator CROSSIN—But that is an indicator you would be looking for?

Ms Halton—It would be one of the indicators I would judge their performance by, absolutely.

Senator CROSSIN—You have just said a moment ago you had a preliminary meeting at the end of last year with Vision 2020 and the department?

Ms Halton—Yes. I met with them myself.

Senator CROSSIN—What was the outcome of that meeting?

Ms Halton—It was a very good meeting, actually. We talked about the range of things we are doing if relation to eye health. We talked about the intent of the resolution. We talked about a number of the international issues. We talked about how we wish to create a very cooperative working relationship with them. I provided them with the officer as the contact

person, the point person in the department. I asked them to ensure that they kept me informed in terms of any concerns they had about our cooperative working relationship with them but also in terms of their external activities. I asked that we basically try to proceed with this in a partnership with them because I think this is not something that the government on its own can do. It is very important that we work with the relevant stakeholders. It was a very good meeting.

Senator CROSSIN—You have not had any further meetings with them since then?

Ms Halton—No. In fact, they have not sought a meeting with me that I am aware of. As I said, we agreed that we would meet in the first half of this year to talk about progress.

Senator CROSSIN—So the World Health Assembly, I assume, meets yearly. Is that correct?

Ms Halton—The World Health Assembly this year will convene in May.

Senator CROSSIN—That will be the 57th. Is that right? The 56th, as I understand it, was in 2003.

Ms Halton—Yes. That would be right.

Senator CROSSIN—So where it says to actually report by the 59th World Health Assembly on the progress of this initiative, you have actually got a three-year plan. Is that correct?

Ms Halton—That is right. I think the answer is this is not something we will be scrambling about at the end. We will be well in front.

Senator CROSSIN—Well, I will keep reminding you about it.

Ms Halton—That is good. I am sure you will ask us at the next estimates.

Senator CROSSIN—I will. I will ask for an update. You might clarify if I am in the right outcome or not.

Ms Halton—Most certainly. We will get back to you.

Senator CROSSIN—If someone could just send me a little email to let me know whether I am at the right place at the right time.

Ms Halton—Not a problem.

Senator CROSSIN—That is all I have got.

Senator McLUCAS—I want to ask some questions about Medi*Connect*. I understand there is quite a bit of discussion between the medical fraternity, consumer groups and the Pharmacy Guild about Medi*Connect*. Can you give me an understanding of the patent issue that is trying to be resolved. What is the current state of play?

Dr Wooding—Well, I have not got probably a lot more to say than I have said in public in the newspaper articles that have appeared to date. Fundamentally it is true that the Pharmacy Guild has put in applications for two patents in relation to intellectual property in relation to software for the storage and transfer of information in pharmacies. It is true that they have always assured us that this is not in any sense a threat or in any way going to interfere with Medi*Connect* or impinge on the space of Medi*Connect*. We have received some legal advice

and some technical IT type advice on whether or not it is in fact an issue. We are considering that advice. The only other thing to say is that the way the patent system works there is an application in place which has been effectively date stamped, which they put in. But the full details of their claim and the full consideration of the application is yet to come. Until that happens, there is no action we can take in relation to it, even if we feel that that is necessary.

Senator McLUCAS—I want to make sure I have this right. You are saying that until the patent application has been received—

Dr Wooding—A preliminary application has been received. The way patents work is that you put in a preliminary application to establish the date of when you claim to have made your innovation. There is a second part of the process where detailed consideration is given to the claim that you have that it is an innovation and that it is actually your innovation. That requires a lot of information and supporting detail and detailed consideration by IP Australia. We are not at that point. It requires the applicant to activate that process. The guild has not yet activated the process for either of its applications.

Senator McLUCAS—The guild has put in two patent applications. There is another company called the CR Group.

Dr Wooding—The guild has put in one and the CR Group has put in the other one. I want to correct what I said. The CR Group is associated. Some of the same people are associated with that.

Senator McLUCAS—How is the CR Group connected to the Pharmacy Guild in a formal sense? I understand some of the people who own CR are in fact guild employees. In a formal sense, is CR connected to the Pharmacy Guild of Australia?

Dr Wooding—I really do not know is the answer to that. I am not privy to information about how the CR Group and the guild work. I guess I would have to take that on notice. I am not even sure that it is really my place to understand it.

Senator McLUCAS—No. Don't take that on notice. Are the applications identical?

Dr Wooding—No. They are different, though, as I say, the detail is yet to be seen. They are sort of covering similar space, but they are not identical.

Senator McLUCAS—Is it true to assume that Medi*Connect* grew out of work that both this department has done in the past and other government departments have done? I am trying to understand the notion of Medi*Connect* and Health*Connect*. They are government driven initiatives. Can you give me an understanding over time. What has happened to get us to this point?

Dr Wooding—Medi*Connect* is a project that has emerged out of thoughts by the department and the Health Insurance Commission in terms of the possibility of exchanging pharmacy information through the Health Insurance Commission of scripts leaving the doctor's surgery, through an electronic transfer, through the HIC to pharmacy and then from the pharmacy dispensing to be returned to the HIC and the creation of a record of all these transactions. So that is an entirely Commonwealth government concept, though if it is to ever work it also needs to include the hospitals, which are obviously state and private.

Health*Connect* is a joint creation of the states and the Commonwealth and is about basically sharing all health information relating to patients, not just pharmacy information. Both of them came from separate places but they are gradually moving closer together in terms of how they are going to work. At the end of the day, it has to be just one network so sooner or later they will merge in some sense.

Senator McLUCAS—Is it the department's view that the patent applications could jeopardise the eventual vision for Medi*Connect* and Health*Connect*?

Dr Wooding—The department does not have a view on that at this stage, but we have received some advice, which we are considering, from technical and legal experts. As I said, until the patent application is activated and we can really assess it in full, it is probably too early to say. The guild has always assured us that there is no threat. It is not their intention and it is not what the patents are about.

Senator McLUCAS—What do they say the patents are about?

Dr Wooding—Well, they say they are more about pharmacy to pharmacy interaction and about standards for communicating messages largely among pharmacies, not so much between doctors and pharmacies and between pharmacies and the rest of the health system.

Senator McLUCAS—I do not get that.

Dr Wooding—It is about standards for community pharmacists in particular to communicate with each other and send information among each other.

Senator McLUCAS—About patients?

Dr Wooding—Yes, about medications and patients, whereas our projects are about actually linking pharmacy into the rest of the health system to the extent that they affect pharmacies. That is the distinction. Whether it is correct or not, I do not think I have a view at this stage, but I have received some advice, which I am considering.

Senator McLUCAS—Have you received written advice from the Pharmacy Guild or from CR Group to say that their applications for patents will not jeopardise the final effect of the Medi*Connect*?

Dr Wooding—I will have to take that on notice because there are two different areas of the department that deal with the guild on these issues. I would need to do a search to make sure of that. I am not aware of any written advice, but there might be some, so I will take it on notice and get back to you on that issue.

Senator McLUCAS—If it is possible, could we receive a copy of that correspondence, if in fact it exists?

Ms Halton—If it exists, the usual caveat says we would need to get the agreement of the other party before such correspondence is provided.

Senator McLUCAS—If those patents are successful, does that mean that the successful patent holder—that is, the guild or CR Group—would have access to individual people's medication records?

Dr Wooding—No. The patent is really only an attempt to establish that a process is innovative and, therefore, that the patent holder would have intellectual property over it. So it

would still require anyone holding the patent to build their own system in order to see these records. The only other option they really have is to attempt to charge other people building such a system. They would license the system to other people. How you would actually roll any such product out in terms of actually collecting and exchanging information still remains a sort of implementation task that a patent does not really help you with.

Ms Halton—But there is another issue here, which I think is the pre-eminent issue. Regardless of anyone and their patents, there are privacy considerations.

Senator McLUCAS—Yes. I want to get to the privacy issues; it is a primary matter. But I want to get over this technical part first. What you are saying, Dr Wooding, is that potentially users—and that includes the Commonwealth—might have to pay the owners of the patent for use of their IP?

Dr Wooding—That is jumping to a conclusion. As I said, I do not think we have yet established whether there is any IP that we would in any way require for anything we are doing in Health*Connect* or Medi*Connect*. We also have not established whether the applicants have any claim to say that it is their IP or they have in any way innovated anything. These things will have to be established before that would become an eventuality. As I say, I can repeat that we have received some advice and are considering that advice.

Senator McLUCAS—And that advice cannot be provided to the committee?

Ms Halton—No; I am sorry.

Senator McLUCAS—You did answer a question about Medi*Connect* at the last estimates. I thank you for that. How much have we paid to the guild, CR Group or in fact anyone else for work related to Medi*Connect* development?

Dr Wooding—I would have to take that on notice. I am not aware of any money that we have paid. We paid money to various organisations, the guild and software companies associated with the guild, in relation to the costs of rolling out Medi*Connect* into their software systems in the trial. I can take that on notice as to how much that is. As far as I know, that would be the full extent of any money we have paid, but I will take that on notice.

Senator McLUCAS—I might want to refer to EO3-136. I think I may actually have that data. I am sorry. I am getting confused between Medi*Connect* and Health*Connect*.

Dr Wooding—I do not think I have given you any data. It is in the order of hundreds of thousands of dollars. I would have to take it on notice to get the precise figures. I do not think I have provided them to you previously.

Senator McLUCAS—Thank you. There have been two trials operating, one in Ballarat and one in Launceston, I understand.

Dr Wooding—That is correct.

Senator McLUCAS—There is some commentary that GPs have been reluctant to sign up because of the confidentiality question and also because of liability questions. Is that your understanding as well? Do you have any information on that?

Dr Wooding—I am not aware of the extent to which individual GPs have been concerned. I could get you some information. Certainly these issues have been raised with us by the

AMA and others. They are important issues that we need to address. We certainly have been addressing them and trying to understand the legal and sort of indemnity aspects of those issues. I believe, though, that they have been overcome on the ground to a significant extent because many people have signed up. I believe the field tests are actually operating effectively now. I do not think I have anything in detail here to give you. I might give you a written answer on that if that is okay. Certainly the issues have been raised, but I think they have been addressed to a satisfactory extent because the participation rates are high.

Senator McLUCAS—The participation rates are high because patients volunteer to be part of the program or because GPs have joined the program?

Dr Wooding—They are very closely linked issues. You will not get anywhere without GPs and pharmacists participating. There is then the second question of whether the patients are prepared to participate. Our experience has been that patients are actually very keen for these programs. Once you get participating providers, the patients come in droves. The real problem is getting the providers to understand them. They are very busy people. The time involved in actually explaining and helping their patients participate is really the barrier. The patients are perhaps in some ways the easiest people to get involved.

Senator McLUCAS—And when are the trials that are operating going to be evaluated?

Dr Wooding—They are currently being evaluated and will expect to be evaluated in the second half of this year, by about the end of June.

Senator McLUCAS—The issue about confidentiality goes to patient record confidentiality. Is that essentially the question? Or is it about prescribing habits? Where are the issues around confidentiality?

Dr Wooding—There is confidentiality and there is privacy. There are several different issues here and there is also consent. I suppose it depends on which one you are interested in. All of them exist. They relate to patients, they relate to providers and they relate sometimes even to third parties. There are a lot of different issues. It is a very complex area. Patient confidentiality and patient privacy tend to be seen as the most important. They are pre-eminent.

Ms Halton—I would concur with that. I have had multiple conversations about this. It is an issue that is discussed fairly regularly. The issues around patients and the confidentiality of their information is without doubt the most frequently discussed and raised issue. Certainly providers have issues, but, if you think about it, the Health Insurance Commission already has a wealth of data on prescribing habits, for example. You know the programs that are run in respect of outliers et cetera. I really do think our principal focus—we are not blind to the other issues—is around the patient.

Senator McLUCAS—And what is proposed in the systems that will be developed to ensure that patient privacy and confidentiality are assured?

Dr Wooding—The field tests for Medi*Connect* and the Health*Connect* trials are all trialling slightly different approaches to consent and privacy. All of them are based on, first of all, a very strong principle of security so that there is no risk to security. Secondly, they are all based on very clear principles around privacy, which are similar, and in many cases identical,

to the ones we are trying to pursue through the work on the national health privacy code, which is being developed nationally across all the jurisdictions. Consent is probably the area where we are trying the most different approaches. It is a question of patients being able to determine what information is collected, how often they have to be consulted about the information being collected and the extent to which their voluntary participation is assessed and how often that is checked during the time that they are in the trial.

There are different views on the easiest way to do this because you are always trading off. At one end, you have consumer control and consumer power, which means that every time they want to have their information checked they need to be consulted. They have the opportunity to say on Tuesdays they are happy to have their information checked and on Wednesdays they are not and they need to be consulted every step of the way. The other tension you have is the fact that consumers find that very irritating and annoying. They say, 'I agreed already to be in the program.' Providers find it even more annoying because it is just very frustrating to have to keep saying, 'Are you absolutely sure you want this information sent to Medi*Connect* or Health*Connect*?' or whatever. So that is the big trade-off and that is what we are trialling in particular.

Senator McLUCAS—I will leave it there. It is a matter that we need to monitor very closely.

Senator STEPHENS—On the issue of information sharing and information gathering by pharmacists, I do not know if this question goes to you, Dr Wooding, or perhaps, Ms Halton, you might advise me. Under an agreement signed between the Australian government and the Republic of Ireland last year which related to reciprocal access to the respective PBS systems, Irish tourists and visitors to Australia were able to have prescriptions made up at the pharmacy for the subsidised cost. Evidence was provided by the department to the Treaties Committee that pharmacists were obliged to sight the passport and to advise the department of immigration if visas had been overstayed. Which department can advise how many overstayers have been caught in that loop? What is the effect of that agreement?

Ms Halton—If I am wrong I will come back and correct this, but if you do not hear from me it is because I am right. I am not aware that we have any collection arrangements in respect of visa overstayers. My understanding is that those programs all report to the department of immigration and that, because they administer the issuing of visas et cetera, they are responsible for that information. If I am not correct, I will come back and let you know.

Senator STEPHENS—I appreciate that because my understanding from the evidence at the time from the department was that it was part of the data collection process of the pharmacists and that, therefore, they were then obliged to actually notify and that there was a protocol in place to do that.

Ms Halton—We do think they have to enter a code that says they are overseas, on our information, but we do not believe it goes to whether the visa was valid or otherwise. As I said, we will come back to you.

Senator STEPHENS—Thank you.

Senator McLUCAS—I want to return to the reticence of GPs to sign up to Medi*Connect*. There was an article in *Australian Doctor* towards the end of last year that said that the GP representative group responded to the department's second draft of the contracts being offered to GPs and had recommended that GPs actually contact their medical defence organisation before they sign them. What has happened since then?

Dr Wooding—I really have to take on notice what we actually did on the ground, but I know we talked to the GPs on the ground and through the GPRG to some medical defence organisations and found a way through it. I will have to get back to you with the details on that.

Senator McLUCAS—This is related. It goes to the open EHR program.

Dr Wooding—I can answer that.

Senator McLUCAS—Has the federal Privacy Commissioner been consulted about the UPI proposals?

Dr Wooding—The only discussion on universal patient identifiers that has taken place is through the Australian Health Information Council. It is a national Commonwealth and state appointed body of largely non-government people chaired by Professor Andrew Coats, the Dean of Medicine at Sydney University. That group is currently considering as part of its work program the question of patient identification, both universal patient identification and unique patient identification. They are two slightly different but related concepts. That group has had one discussion on that issue and has currently got work under way, including a paper being prepared. The federal Privacy Commissioner is an observer but a participating observer who can speak whenever that issue is being discussed at the Australian Health Information Council. So he is invited as an observer to those discussions.

Senator McLUCAS—I understand that a number of the state governments—Victoria, New South Wales and Queensland—are doing some work now to develop similar sorts of tracking systems, for want of a better term. How will the Commonwealth proposals interface with what is happening in the states? Are the states part of the deliberations that you are having about universal patient identifiers or unique patient identifiers?

Dr Wooding—The state ones tend to be unique patient identifiers. Currently in the states, typically hospitals will have their own identifier and—Queensland is a good example—each hospital in Queensland has its own identifier system. So if you or I go to five different hospitals in Queensland, we will have five different identifiers in each hospital. What they want to do in Queensland, where, for example, they are planning to roll out a whole-of-state IT system, is to basically give one number to each patient. Therefore, whichever part of the system you go into, you have the same identification, the same name details and other things. We can be absolutely sure it is you and not somebody else with the same name. There are even plenty of people with the same name and the same date of birth. So it is very easy for people to be confused. A lot of states are working on that.

That is not really the same thing as the universal patient identifier, which would be an identifier for 20 million Australians, including the vast number of people who never go anywhere near a public hospital. The states need that unique patient identifier for their own purposes and are working on them anyway. I think most states would say that if there was

some sort of national system they would happily use that rather than their own. It is really a question of whether there is ever going to be a national system. There are a lot of issues there that need to be worked out, including issues about privacy and consent and concerns about identifiers that go back quite a long way in public debate and that I do not need to repeat.

We believe that the right group to determine this is a group of non-government eminent people in the Australian Health Information Council. They can think through these issues of whether there should be a universal patient identifier or whether we should work with a system of unique identifiers in different health facilities or even different systems. I think there is no Commonwealth proposal for any sort of identifier at this stage. We are really looking for the advice of this group—all Australian governments are looking for the advice of this group—as to how to proceed.

Senator McLUCAS—Can I get on notice the participants of the Australian Health Information Council?

Dr Wooding—Certainly. I think it is on our web site too. You should find it there. But we will get you a list.

Senator McLUCAS—That is another matter that I am sure we will talk about, I am sure at length, in the future. Thank you. Senator Allison and I both want to talk about the women's longitudinal study.

Senator ALLISON—I raised this at November estimates. Could we have an update on where that contract is at, please.

Dr Wooding—As I think you would already know, the former minister, Kay Patterson, on 5 October wrote to the people running the study and confirmed that there would be funding for the next two years. The money for this year has been approved and set aside for expenditure. There is really no barrier to that money being provided other than that we are still finalising the contract. I am confident those negotiations on the contract—they are just details of the contract—are almost complete. Once that happens, the money will be forthcoming. We have already provided some funding during the year on an interim basis, but this is the balance of the funding that we are now talking about.

Senator ALLISON—So you are talking about the four temporary extensions that there have been. So money has flown through?

Dr Wooding—This will be a temporary extension until the end of this financial year. We also have a commitment to fund the study for the next financial year.

Senator ALLISON—Okay. So has all the funding that would be required to do the work that is currently to be done been paid? Is it small amounts of money?

Dr Wooding—No. This financial year the balance of funding is still to be paid. That is subject to us just completing the negotiation of the contract with the two universities involved.

Senator ALLISON—Why has it taken eight months?

Dr Wooding—There are a whole lot of reasons why it has taken a long time. First of all, the history of this project is that it was funded initially with a four-year funding for a 20-year

project. Since that time, it has been a constant difficulty in finding the funding to keep it going. It has been done by looking for parts of the overall funding in the portfolio that might gain a benefit from the study and might therefore contribute. So there has always been a bit of an issue. This year, as always, we have been sort of looking for where we would find money to pay for the study. That having been achieved, the only other delay has just been in finalising the contract. Now that we are about to complete that, the funding should be forthcoming in the near future.

Senator ALLISON—So, even though it is a 20-year longitudinal study and there would be no point in finishing at the end of this two years, we still have to have this uncertainty every time the two-year contract comes to an end?

Ms Halton—Last time when we discussed this I think we agreed with you that this hand-to-mouth existence is undesirable. I think we also explained that, as there had never been any budget subvention, what had happened was that a range of temporary sources had been cobbled together; I think that would be not an unreasonable way to put it. That was originally done for four years. Then we were left again with the need, in a world where the budget that we have available to us to carve money out of has shrunk considerably—not in quantum terms but in terms of the amount that we can kind of carve out. We have raised with the minister the need to put this study on a more solid footing, acknowledging that longitudinal studies are about a long-term commitment. Obviously, we cannot, because it is not in our gift, foreshadow what the minister's ultimate response will be and his ability, for example, to get a more ongoing stream of money for this initiative. But I can say to you that not only have we discussed this with the previous minister but indeed we have discussed it with this minister and he is conscious of that need. Certainly what we have done as a department—and this is now reflected in this agreement—is identify what we can do for the next two years so they have some certainty while we try and sort out this other problem.

Senator ALLISON—So you would still be confident that after two years we will not have to go through this two-year process every two years?

Ms Halton—I am hoping that we can resolve it before that, but at the end of the day I do not have a magic pudding under my chair, but I am hoping that I might get one from someone else's.

Senator ALLISON—Excellent. You say the contract is being renegotiated. What does that mean? Why would it not be simply tick off the last two years and do the same again?

Dr Wooding—I understand that there were some changes to be made to the contract, which are being discussed by us and the other parties. It is a question of finalising them now. I do not think they are major changes, but they are something we ought to finalise before we sign off.

Senator ALLISON—You do not know what they are?

Dr Wooding—I can probably give you some information on notice, but they are largely administrative in nature, as I understand it.

Senator ALLISON—Not changes to the content of the study?

Dr Wooding—No.

Ms Halton—No. Essentially, we are trying to resolve the contract as quickly as we can.

Senator ALLISON—I am not sure what comes up for debate each time. What are the difficulties in agreeing it?

Dr Wooding—This is now my recollection because I do not have anything in front of me, but I think some of them were raised by the universities rather than us. They are just clauses in the contract. Then you get lawyers involved. It is just very standard with any sort of contract agreement with anyone that you then end up negotiating certain parts of it because it is to—

Ms Halton—It is taking longer than we thought because there are lawyers involved; is that your impression?

Dr Wooding—Not exactly, but these are administrative and technical aspects. We are not talking about the nature of the study, the direction, the outcomes. It is not at that level. I am confident they will be resolved in the next few days.

Senator ALLISON—Few days?

Dr Wooding—Well, in the next little while—as quickly as we can. I take your point that we are eight months into the year. That is a point I take.

Senator ALLISON—Is there a penalty for the Commonwealth in long periods of time in negotiation and all the staff time and effort that that must involve?

Dr Wooding—Well, as in a penalty to us for having to put in the effort and time?

Senator ALLISON—No. It is a serious question.

Senator CROSSIN—It affects your performance pay.

Senator ALLISON—I imagine that, if there is eight months worth of negotiation, someone is doing it. If the money is not flowing through from the program—

Dr Wooding—It was not eight months on the contract negotiation. Most of the eight months has been spent securing the funding for the program. The contract negotiations have just been recent in terms of finalising the agreement for this year.

Senator ALLISON—So there has not been a variation or a claim put in for extra money for angst or uncertainty?

Dr Wooding—No.

Senator ALLISON—It would be useful if the committee were notified when the contract was signed, given the longevity of this.

Dr Wooding—Happily. We will be happy to give that to the committee.

Senator McLUCAS—Can I ask on notice, Dr Wooding, for you to look at the contract and see if there has been any request from the department to include new pieces of work. It may be something that has not been brought to your attention. If there have been other items that have been asked to be analysed, has there been any increased funding in order to do that work?

Dr Wooding—I will have a look. It has been the nature of the contract that we have asked for specific pieces of work from time to time looking at particular aspects. That is part of the ongoing contract. I will have a look, but I am not aware of any. I will have a look at that as well.

Senator McLUCAS—I was intrigued with your comment that you are finding which portfolio would gain the benefit of the Australian women's longitudinal study.

Dr Wooding—No, not which portfolio; which areas. For example, we may look at areas such as population health. That is a large area.

Senator McLUCAS—Which areas within the department?

Dr Wooding—Yes. You might then look at rural health. The study has relevance to a number of our programs. That is what I was saying.

Senator McLUCAS—I understand. Is the department recommending to the minister that the funding be ongoing from the Department of Health and Ageing?

Dr Wooding—It is a 20-year program. From the effort involved in creating a longitudinal study and getting it up and running, it is clear that it is seen as a good study. The NH&MRC has found it as such. The department certainly is interested in seeing it with an ongoing basis. But end of the day, decisions on what programs are funded and what are not are decisions for the government and not the department.

Senator McLUCAS—I would be concerned if it moved out of direct line funding in the department into something that was competitive in nature. I think that in essence jeopardises the faith the people who have done the eight years worth of work to date would have in their work actually going to 20 years. A competitive funding model is just not the sort of model you use to fund something of this nature.

Dr Wooding—It would depend. If there were an appropriate competitive funding model that could provide a long-term funding solution for a longitudinal study, that might be appropriate. We have at times looked for such possibilities. Certainly the ideal would be for a 20-year study to receive 20 years of funding. That would definitely be the ideal.

CHAIR—Any further questions on outcomes 4, 5 or 9? If not, I thank all the officers for those outcomes.

[9.48 p.m.]

CHAIR—We now move on to outcome 6, Hearing services.

Senator CROSSIN—I want to take you back to the June 2003 estimates. You indicated to me at the time that you anticipated a growth of about 10,000 voucher clients for the 2003-04 financial year. Can you give me an update on whether you are coming close to that mark or not, since it is February?

Ms Blazow—What figure did we give you in June?

Senator CROSSIN—10,000.

Ms Blazow—What period was that in relation to?

Senator CROSSIN—I am assuming that was for the financial year we are now in.

Ms Blazow—So 2002-03?

Senator CROSSIN—No, 2003-04, it would have been. There were 10,000 vouchers.

Ms Blazow—It was probably a figure, then, for 2001-02, because we do have a lag in terms of gathering our data. We do not have a final figure for 2003-04.

Senator CROSSIN—You said you anticipated a growth of about 10,000 voucher clients. I am assuming the growth was after June last year.

Ms Blazow—Yes. It would have been in respect of 2003-04, but we have not finished that year yet. So I do not have a figure with me on the final figure for 2003-04.

Senator CROSSIN—So what is the latest date for which you can provide me data for the number of vouchers that have been provided?

Ms Blazow—I do not have it with me, but we could give you a pro rata figure for the current year in terms of how many we have issued so far. You could see from that, for the amount of year that has gone by, how many vouchers we have issued. But we will not actually have a final figure until the end of the year.

Senator CROSSIN—I understand that. My question to you was whether you have a figure as of now.

Ms Blazow—I will check if one of my advisers has a figure with then. I do not have one on the table in front of me. We are apparently showing, on a pro rata basis for the number of months that have gone by, a 10 per cent growth over the last year.

Senator CROSSIN—But you cannot actually say you have allocated six of the 10,000 already or eight of the 10,000 already?

Ms Blazow—It is not an actual figure; it is a projection for the year—a growth of 15,000 vouchers for the year.

Senator CROSSIN—A growth of 15,000. Well, you have been underbudgeted then. Is that the case? You had an anticipated growth of 10,000 vouchers. You have given out 15,000, and it is now February.

Ms Blazow—No. That is a projected figure for the whole year.

Senator CROSSIN—So you cannot give me an accurate number?

Ms Blazow—No. We do not have an actual figure yet. But, on the basis of vouchers issued so far, we are actually running at a rate of 10 per cent growth over the previous year.

Senator CROSSIN—If you could give me an actual number and take that on notice, I would appreciate that.

Ms Blazow—Yes, I will.

Senator CROSSIN—Have you had a look at whether there is a need to have an increase in the number of vouchers for the 2004-05 financial year? How will you anticipate that?

Ms Blazow—Our vouchers have been growing each year. There is a trend line there for growth in voucher numbers since the program went into vouchers. Yes, we are projecting

growth. In fact, we have a model which takes into account ageing of the population and the take-up rates of vouchers and we do have a growth line projected.

Senator CROSSIN—On what basis do you make that calculation?

Ms Blazow—Ageing of the population, incidence of deafness in the community, hearing impairment in the community and also increased take-up rate as the program becomes more known amongst people.

Senator CROSSIN—So how much extra funding was actually allocated, then, that went with those 10,000 additional vouchers? What does that equal in monetary terms?

Ms Blazow—I will just ask exactly how much money, because we have actually bid for more money this year as well. In the yellow book, the additional estimates book, it shows quite clearly that in the additional estimates process we are asking for $14.2 million extra.

Senator CROSSIN—Is that to accommodate the additional—

Ms Blazow—To accommodate growth.

Senator CROSSIN—The additional estimates budget, I understand, stated an increase of around $7 million for 2003 on top of the $181 million. That was an increase, I understand, from the estimated $168 million. Has that extra $7 million been allocated?

Ms Blazow—I am not sure where you get the $7 million from, because in fact the additional estimates book shows quite clearly that at AEs we have asked for an extra $14 million.

Senator CROSSIN—You have asked for that?

Ms Blazow—To cover the growth factor, yes.

Senator CROSSIN—Is that what you have been given?

Ms Blazow—That is the process, yes.

Senator CROSSIN—That is what you are anticipating will be provided to you?

Ms Blazow—What we are anticipating, yes.

Senator CROSSIN—I want to ask about the amount of money that is provided to Australian Hearing Services. I understand that for the 2002-03 year Australian Hearing Services received around $29.7 million. Is that correct?

Ms Blazow—Yes, that would be right.

Senator CROSSIN—What is the allocation for the 2003-04 year?

Ms Blazow—A very similar amount. Australian Hearing's funding is a totally system from the voucher system.

Senator CROSSIN—Yes, I understand that.

Ms Blazow—The voucher system is a demand driven system, whereas Australian Hearing's community service obligation funding is what we call a capped amount. It is indexed by WCI1, from memory.

Senator CROSSIN—So it would just be the $29.7 million plus indexation?

Ms Blazow—Plus indexation.

Senator CROSSIN—So how is the $29.7 million arrived at?

Ms Blazow—It is a historical figure. Australian Hearing has received a comparable figure for some years.

Senator CROSSIN—So it is not based on an analysis of needs?

Ms Blazow—No. It is an historical figure. It is a base which has been in place for some time and is indexed.

Senator CROSSIN—And you do not know how it was arrived at originally, or are we going back many decades?

Ms Blazow—I could take that on notice, but it is certainly not in my knowledge.

Senator CROSSIN—Is it actually a certain percentage of the total amount of funding that is allocated for hearing services?

Ms Blazow—Well, it is. We can derive it as a percentage of the total program, but of course it is a change in percentage depending on what is happening to the demand driven component of the program. So it is not a constant percentage.

Senator CROSSIN—So you cannot say that every year Australian Hearing Services gets automatically five per cent of your budget, for example?

Ms Blazow—No. That is not how it works.

Senator CROSSIN—Is it still the case that Australian Hearing Services decides how much of its funding will actually be spent, say, on Indigenous hearing services?

Ms Blazow—Yes. Within that capped budget, they determine how they use that, depending on the demand from children, Indigenous communities and so forth.

Senator CROSSIN—The board of Australian Hearing Services actually makes that decision. Is that correct?

Ms Blazow—I would not like to say exactly how the determination is made or whether it is a board decision or executive decision.

Senator CROSSIN—Ms Feneley advised me on 2 June last year that, as they are a board, they take the decision as to how they will spend the money. Is that still the case?

Ms Blazow—I could not say whether there has been in the board minutes a particular decision to spend money in a particular way. The board would take responsibility for the total operation. I do not know whether the board actually decided to spend X amount of dollars on this activity and Y amount of dollars on that activity.

Senator CROSSIN—Are Australian Hearing Services required to provide you with an annual report?

Ms Blazow—They provide an annual report to the government. They provide to us, as the funding component of the government, more frequent reports on the activities that they are undertaking.

Senator CROSSIN—Could you provide me with a copy of their latest annual report?

Ms Blazow—Certainly.

Senator CROSSIN—So you would not be able to tell me, unless you looked at the annual report, for example, what breakdown of different areas are allocated within their money? So you would not be able to tell me how much of their money is allocated to Indigenous people, as opposed to children?

Ms Blazow—I have some information, for example, on how much they spend on AHSPIA, which is an Indigenous specific program.

Senator CROSSIN—How much of that $29.7 million would be spent on that?

Ms Blazow—In the order of $600,000 at the moment. That is what they spend specifically on AHSPIA. But, of course, that is not the only component that Indigenous people can access. That is the outreach program that goes to Indigenous communities and links up on a visiting basis with the primary care services in those communities. I am advised they spend approximately $600,000 on that particular activity.

Senator CROSSIN—So that is an activity that will get them to remote communities in the Northern Territory. Is that correct?

Ms Blazow—That is right.

Senator CROSSIN—That is $600,000 out of $29 million.

Ms Blazow—But it is not the only activity they do for Indigenous people.

Senator CROSSIN—What are the other activities they do for Indigenous people?

Ms Blazow—Well, for example, there would be Indigenous children using their services in urban areas. It is quite difficult to actually isolate exactly what they spend on Indigenous people because it depends very much on whether Indigenous people identify as Indigenous and that does not always happen. So, while we know that they spend a certain amount of money on the actual delivery of the outreach services to communities and we can identify that, we do not know exactly how many clients there are through the other activities through the community service obligations or how many Indigenous people who have vouchers actually redeem those vouchers using Australian Hearing. It depends on the people identifying as Indigenous.

Senator CROSSIN—Let us take, say, Indigenous people over the age of 18. What programs can they access through Australian Hearing Services?

Ms Blazow—Through Australian Hearing they are eligible because they are under 21 for the services as children and young people. So they are eligible under the community service obligations to receive hearing assessments, hearing aids and maintenance of their aids.

Senator CROSSIN—But I am talking about the Australian Hearing money, the $29 million.

Ms Blazow—Yes, that is right.

Senator CROSSIN—They can access that, can they?

Ms Blazow—Yes. That is the community service obligation money. It is what we call the CSO money.

Senator CROSSIN—That is part of the $29 million?

Ms Blazow—Yes. That is what the $29 million is for. The client groups that are eligible for that are, in the main, young people and children under 21 and complex adult clients and some eligible Indigenous people. But they have to be eligible in terms of their status throughout the program.

Senator CROSSIN—What makes them eligible?

Ms Blazow—Mainly pensioner concession card holding, being a veteran, being a client of the Commonwealth Rehabilitation Service or being a child under 21.

Senator CROSSIN—So I would need to look through that report to find out how much in total of the $29 million can be accessed by Indigenous people. Is that correct?

Ms Blazow—You probably will not actually find it. I am not familiar with everything in the report. There may be information in there on AHSPIA, which is the specific outreach activity. That is probably separately identified. But in terms of identifying every other Indigenous activity or every other Indigenous person who is a client of Australian Hearing, it may not be possible to do it from that report.

Senator CROSSIN—Can the Commonwealth in any way put pressure on or suggest to Australian Hearing that they need to allocate more than $600,000 for their outreach program? How do you have control over that?

Ms Blazow—They have actually been allocating more. In previous years, AHSPIA received in the vicinity of $400,000. So they have actually increased the allocation to that program.

Senator CROSSIN—Has the Commonwealth made an assessment as to whether they think $600,000 is adequate?

Ms Blazow—We are working within a capped grant. We are working within a situation where Australian Hearing has a number of different client groups to service. They are doing their best within that environment.

Senator CROSSIN—I asked if you had made an assessment if you believe $600,000 is adequate.

Ms Blazow—I am not prepared to give an opinion about that.

Senator CROSSIN—But has the Commonwealth done any formal assessment about whether $600,000 is adequately meeting the needs of Indigenous people through the outreach program?

Ms Blazow—I am sure there are unmet needs, but as to the extent of those unmet needs, I am not in a position to say, and I am certainly not venturing an opinion on whether $600,000 for AHSPIA is adequate or inadequate.

Senator CROSSIN—What mechanism does the Commonwealth have to say to Australian Hearing Services, '$600,000 is inadequate. It needs to be well and truly increased beyond that. We've looked at your annual report and we've made an assessment and we don't believe $600,000 is meeting the unmet need'? What capacity do you have to influence the Australian Hearing Services about how much money they allocate?

Ms Blazow—We do talk with them. As I said, they have actually increased their allocation to AHSPIA. However, it still has to be their decision as to how they apportion their resources amongst the various demands that they are required to meet under their community service obligations. So, while we can influence it, it is their decision. In terms of additional money, that is a policy decision for government.

Senator CROSSIN—Policy decision? What is the connection between a policy decision of the government and the money you give to Australian Hearing Services, though? Is their money tied to government policy?

Ms Blazow—Yes. The capped grant is a capped grant. It is indexed by WCI. Therefore, a decision to increase that capped grant would need be to taken in the budget context by the government.

Senator CROSSIN—But if you increase that money—if you even gave Australian Hearing Services $39 million—as you have just told me, there is no guarantee that you have the capacity to influence how much they spend on their outreach program. You could increase it by $20 million but they still might decide to spend $600,000 on their outreach program.

Ms Blazow—We do attempt to influence, but they have a responsibility to run their program breaking even as best they can and meeting as many needs as they can from within those community service obligations. We are working towards establishing benchmarks, outcome measures and performance indicators. We are getting better data and better understanding with Australian Hearing each year in that regard. But they are still working in an environment of a capped budget.

Senator CROSSIN—So you are working with Australian Hearing Services on indicators and outcomes?

Ms Blazow—That is right. We have better data now than we did a while ago.

Senator CROSSIN—Will that be linked to their next allocation of funding? Will there be performance indicators and outputs linked to their next funding round allocation?

Ms Blazow—Well, we monitor what they do. But giving them actual benchmarks to say, 'You must meet these particular numbers of clients or these particular needs,' is very difficult in a capped budget environment.

Senator CROSSIN—How do you know if you are getting value for your dollar?

Ms Blazow—Basically the capped budget has been in place for some time. It is like an efficiency measure. We are asking them to work within that capped environment and maintain effort.

Senator CROSSIN—Who makes an assessment about that effort? Who makes an assessment about the annual report and whether it is meeting your needs, given that you are giving them nearly $30 million?

Ms Blazow—They are doing the best with the money that they are given.

Senator CROSSIN—Who within your department makes that assessment, though? Who formally evaluates that?

Ms Blazow—My area evaluates in terms of what sorts of services they are providing and how many people's needs they are meeting. But it is still in the environment of a capped budget.

Senator CROSSIN—In June you said Australian Hearing Services was in the process of a mid-term review of their level agreement. Has this occurred?

Ms Blazow—Yes. I think we are due to enter into a new agreement with them. We can certainly take on board some of the issues you are raising. As I said, we are getting much better at quantifying their services and they are getting better at quantifying their services, and we are moving towards a situation of having much better data.

Senator CROSSIN—When the new agreement due to be negotiated or signed?

Ms Blazow—I am advised that it is due to be in place by 1 July 2004.

Senator CROSSIN—The answer you provided me about the review was in relation to the percentage of funds that Australian Hearing Services spent in relation to travel to Indigenous communities.

Ms Blazow—Yes. There has been an issue in the past about travel within AHSPIA, yes. I think we have provided some data to you on how much they actually spent on travelling—that is, on the outreach service to remote communities—and what proportion of the money was spent on travel.

Senator CROSSIN—I am not aware that I did get that, actually. I do not remember seeing it.

Ms Blazow—I will have a look here. Australian Hearing has reported that $116,648 was expended on travel through AHSPIA in 2002-03, representing 14.7 per cent of the AHSPIA expenditure.

Senator CROSSIN—So, of the $600,000, $116,000 was spent on travel?

Ms Blazow—On travelling. It is quite expensive, as you would appreciate, to visit the remote communities.

Senator CROSSIN—That is right. That is why I am surprised that they get away with allocating only $600,000.

Ms Blazow—But $600,000 is not the exclusive expenditure. It is only for AHSPIA, which is the outreach components.

Senator CROSSIN—I understand that. That is right. There will not be too many people living at Ngukurr that would be able to access this service in a regional community in the Northern Territory. For a large percentage of Indigenous people in the Northern Territory, that is the only program they can access. They are probably the people who need to access more than anyone else. I am just incredibly surprised that it is still only $600,000—or $500,000 if you take out the travel. You announced a feasibility study in the last budget. Has that been completed?

Ms Blazow—Yes. That feasibility study relates to the role of Australian Hearing in a commercial environment and whether the CSOs should be put out to commercial competition.

We did that study with a consultancy firm late last year. It has only just reported and we have only just received the report in the last few weeks.

Senator CROSSIN—And is the report publicly available?

Ms Blazow—No. It is under consideration at the moment.

Senator CROSSIN—So that was actually looking at the capacity of the private sector to take on the CSOs?

Ms Blazow—That is right. And also for Australian Hearing to take on full fee paying clients, which they cannot do at the moment.

Senator CROSSIN—When are you anticipating a response or a consideration of that report might be available?

Ms Blazow—The report has to go to government. It has not gone to government yet so it is still under consideration. I cannot pre-empt the outcome.

Senator CROSSIN—We will come back to that in June no doubt. Did the study analyse the capacity of Aboriginal community controlled health organisations to be accredited providers and to take on CSOs?

Ms Blazow—That was certainly raised as an issue with the consultants, yes. That has been an issue.

Senator CROSSIN—Have the consultants looked at that as part of the feasibility study?

Ms Blazow—Yes. The consultants have considered that.

Senator CROSSIN—So we can look at that as well. In relation to the funding allocated to the training of Aboriginal health workers in Hearing Services, last June you gave me a figure of $380,000 for 2002-03. Can you tell me what amount has been allocated for the 2003-04 period?

Ms Blazow—I have to look in my folder. I am advised that the OATSIH people will have that figure, and they are not here at the moment. I think their outcome is a little bit later.

Senator CROSSIN—We will ask them in outcome 7.

Ms Blazow—Some of these activities are joint between the Office of Hearing Services and OATSIH.

Senator CROSSIN—I will ask them that when we get to them. I just have a few more questions. I understand that a review of the hearing services program in terms of eligibility was being conducted. Is that the case, and has it finished?

Ms Blazow—No. We are not actually reviewing eligibility. The only review that we are doing relates to commercial activity by Australian Hearing or allowing the community service obligations to be opened for commercial providers.

Senator CROSSIN—In June 2003, I raised the issue of Indigenous people in receipt of CDEP gaining access to hearing services. Currently they are not able to access hearing services.

Ms Blazow—That is correct.

Senator CROSSIN—In the June 2003 estimates, I was given to understand that DOHA was planning to meet with Centrelink to discuss the issues around eligibility for CDEP clients as well as planning to meet with CRS to discuss eligibility for Indigenous people wishing to return to the work force. Let us just take CDEP recipients at this stage. Did any discussions with Centrelink occur about eligibility?

Ms Blazow—I would not actually call that a review. When you said a review, I had in mind something like what we did with the feasibility study, which is a major exercise. But in terms of looking at our current eligibility and where there might be difficulties in that or difficulties in defining people or whatever, we are constantly speaking with other agencies about those things. So I would not actually call that a review; I would call that our ongoing policy work, understanding our eligibility conditions and how they work in practice.

Ms Halton—I can say that that issue is something that has not just been discussed amongst officers of those agencies; that kind of issue has come up amongst secretaries.

Senator CROSSIN—Did a meeting with Centrelink occur in respect of eligibility of CDEP recipients?

Ms Blazow—I would have to ask my officers if they actually had a Centrelink meeting and, if so, for the date that that occurred. I will take that on notice. I do not personally go to all the meetings.

Senator CROSSIN—In June, you said you were planning to meet with Centrelink. It is now February.

Ms Blazow—I think you will find that Ms Feneley answered the question. Ms Feneley has now left the office, so I will need to go back and ask exactly what meetings occurred and on what dates.

Senator CROSSIN—I am interested to know the outcomes of the meeting. At this point in time, CDEP recipients are not eligible to access Hearing Services programs. Is that correct?

Ms Blazow—That is correct. At this point in time, there has been no policy change in relation to eligibility.

Ms Halton—I will add to that. The issue around CDEP clients and their eligibility is something which is probably fairly widely understood. The reality is, however, it is not an issue which officers are in a position to take a decision on. That would be a decision for government. As I say, this is an issue which is at very senior levels in the bureaucracy.

Senator CROSSIN—I was hoping as a result of my raising it in June last year that some very proactive work may have been done about it and that perhaps by now a recommendation would have gone to government that CDEP recipients would be eligible, that the high-jump bar for them might have disappeared.

Ms Halton—As you know, we do not and cannot comment on policy advice that we give to government. What I can, however, tell you is that that issue is something that senior people are very conscious of.

Senator CROSSIN—We are all pretty conscious of it.

Ms Halton—It is an issue that would need to be considered in the budget because it would involve the expenditure of additional money.

Senator CROSSIN—I am sure it will. Is there a plan to put a proposal together to government to look at this?

Ms Halton—Again, you are asking us to comment on advice we may have—

Senator CROSSIN—I am not asking what policy you might put to them; I am asking if you have done the background to actually push this along a little bit further.

Ms Halton—We have done work on this issue. Beyond that, I cannot comment, nor can Ms Blazow.

Senator O'BRIEN—What would be the cost of extending the program to CDEP participants?

Senator CROSSIN—There are 36,000 CDEP recipients in this country.

Ms Halton—We will take that on notice.

Senator CROSSIN—You have not looked at how many of those might need access to hearing services?

Ms Blazow—We have.

Ms Halton—We have.

Ms Blazow—And we are also able to model the incidence of hearing impairment in that community.

Ms Halton—But we will take that on notice.

Senator CROSSIN—You do not have those figures with you?

Ms Halton—It is complicated. I would not be confident that the number we could tell you now would be accurate. We will give it to you and be absolutely confident it is accurate.

Senator CROSSIN—So you would not be able to actually tell me about the outcome of the meeting with CRS, then, regarding Indigenous people wanting to return to work. If you could take the same questions on notice, since Ms Feneley has now gone, I would appreciate that as well.

Senator O'BRIEN—What other Commonwealth funded programs are CDEP participants excluded from? Perhaps you can take that on notice as well.

Ms Halton—We will. I think it is important to understand that the issue of CDEP participants is a function of their treatment in the social security system and the things that flow from that. They are not programs that are administered by our department, because the consequential effects are based on social security entitlement, for example—health cards et cetera. But we will give you an answer in writing.

Senator CROSSIN—Can a person living in Brisbane or Alice Springs who is on a Work for the Dole program be eligible to access hearing services?

Ms Blazow—No. It is pensioner concession cards that give the voucher. Other forms of concession cards are not eligible for a voucher. For Australian Hearing, it is adult complex clients, children and young people under 21 or eligible Indigenous people.

Senator CROSSIN—So if I am an adult complex client and I happen to be on Work for the Dole, would I be eligible to access Australian Hearing Services?

Ms Blazow—That would be because of your complex needs as a hearing impaired person rather than the fact that you are an unemployed person.

Senator CROSSIN—If I am a person who is on CDEP and I have a complex hearing problem, I cannot access Australian Hearing Services. Is that correct?

Ms Blazow—If you are an adult with a complex hearing problem—

Senator CROSSIN—whether on CDEP or not you can access Australian Hearing Services?

Ms Blazow—Yes. You still have to be a voucher eligible client as well to access it.

Senator CROSSIN—What makes you a voucher eligible client?

Ms Blazow—Being a pensioner concession card holder, a veteran—there are various categories.

Ms Halton—I think we should give you a table of this. We run the risk of (1) misleading you and (2) having great confusion about who is in which category.

Senator CROSSIN—You might want to take it on notice.

Ms Halton—I think it would be easier. I think it is better just to give you a table.

Senator CROSSIN—I do have an application form. I am assuming this is still current. That lists who is in and who is out on the back of the application form. I am trying to make a distinction about whether people who might be on Work for the Dole can access Australian Hearing Services at all.

Ms Blazow—Unemployed people are not automatically eligible for a voucher or for Australian Hearing.

Senator CROSSIN—And anyone on CDEP is automatically not eligible. Is that correct?

Ms Blazow—That is correct.

Senator CROSSIN—Thanks. They are all my questions for that outcome.

CHAIR—Thank you. That concludes outcome 6. We thank Ms Blazow in particular for taking questions on the outcome related to Hearing Services.

[10.19 p.m.]

CHAIR—We will move on to outcome 7, Aboriginal and Torres Strait Islander health.

Senator O'BRIEN—On page 123 of the PAES for this portfolio, under 'administered appropriations', there is an appropriation revision in administered item 1, which is 'Service in Aboriginal and Torres Strait Islander Health', 'Appropriation Bill 1/3'. There is an additional amount of $13.896 million. Over the page, it says, for the $13.896 million, 'Rephased amounts for capital works projects'. Where is that rephased from?

Ms Evans—Capital works is rephased from the previous year because capital works often have very indeterminate timelines, depending on whether they are in remote communities et cetera. So these are capital works projects that are ongoing and were not completed in that financial year.

Senator O'BRIEN—You have a figure on page 123 for 2002-03 of $209.516 million. Is that the actual?

Ms Evans—The actual is $258 million.

Senator O'BRIEN—No. For 2002-03.

Ms Evans—Sorry, that is 2003, yes.

Senator O'BRIEN—Do I take it that you would add at least $13.896 million to that figure to find out what was originally budgeted?

Ms Evans—I think that is correct. Can I take it on notice just to check the figures? I think that is correct but I would not want to mislead you, so let me just check those figures.

Senator O'BRIEN—There is another amount for 2004-05 of $7.826 million. I am going to ask you where that was rephased from.

Ms Evans—Could you repeat that? Which figure are you looking at?

Senator O'BRIEN—On page 124, in the column headed 2004-05, under the same description, 'Rephased amounts for works projects', is a figure of $7.826 million. Where has that been rephased from?

Ms Evans—Where was it originated from, do you mean; which originating year?

Senator O'BRIEN—Yes.

Ms Evans—I think it was last year, but I will take that on notice.

Mr Broadhead—I think you will find that if you add the figures of $13-odd million and $7-odd million to the $209 million, you will come back to the original appropriation of $231-odd million for that year. So it has been a rephasing from the year just gone into this year and into next year in recognition of the fact that some of the projects will not be completed this year but will be completed next year.

Senator O'BRIEN—When was it proposed that the budget allocation for this financial year for that item be $272.427 million? How long has the department been aware that that is the figure required?

Mr Broadhead—I am looking for the $272 million figure.

Senator O'BRIEN—It is the new figure for 2003-04.

Mr Broadhead—That is based on an amount of money that became available this year but was voted in a measure in the 2001 budget of $19.7 million.

Senator O'BRIEN—When was it clear that that was the revised budget figure? That is what I am asking you.

Mr Broadhead—The revised figure of $258 million was known, I would expect, when the budget measure was made in 2001.

Senator O'BRIEN—When did the department become aware that the revised budget would be $272.427 million?

Ms Evans—When we were able to calculate at the end of the financial year about the capital that was needed to be carried over, we put that forward into the additional estimates. It is actually quite a difficult calculation, because it depends where the building program is at at that particular time.

Senator O'BRIEN—Do you expect there to be any rephasing from the 2003-04 budget figures as it now appears in the PAES?

Ms Evans—With the capital I think there be inevitably be a rephasing, because of the unpredictability of building.

Ms Halton—If there were a year when we did not, I would be heartily surprised.

Senator O'BRIEN—I was confused, because yesterday Minister Abbott put out a press release that said the Australian government has allocated $258.5 million this financial year for specialist Indigenous services.

Ms Evans—That is correct. That was the amount allocated in the appropriations, but we now have to add on the rephased capital work.

Senator O'BRIEN—Not as of yesterday?

Ms Evans—No, not as of yesterday.

Senator O'BRIEN—Does the minister not understand his portfolio budget?

Ms Halton—I did not see the press release, so I do not think we can comment.

Senator Ian Campbell—Have you got a copy of that?

Senator O'BRIEN—I certainly have. It is on the web site, actually. My copy is dated the 18th. Which particular projects are the subject of the underspend carryover?

Mr Broadhead—I think we would have to take that on notice, I am afraid. There would be a list of projects that we would have to provide.

Ms Evans—I will just add to that. While it is a carryover, it is because of the capital works. In a sense, I would not describe it as an underspend. It is to do with phasing of the capital works. Until about 12 months ago, capital works were taken into account differently so we did not have this rephasing. They were in a different account arrangement. You often have very long lead times with capital works.

Mr Broadhead—There are about 139 projects on foot at the moment in capital works. They are subject to some shifts in time frames, so we would have to take the question on notice as to which particular ones contributed to that total. We can happily provide that information.

Senator O'BRIEN—It could not be all of them?

Mr Broadhead—No.

Senator O'BRIEN—Do you know whether there are any major projects that were due to start in 2002-03 that did not start until 2003-04?

Ms Evans—We would have to take that on notice. We would have to ask our project managers for progress reports on where the projects were at. Some of these will be part way through. It will not be that they did not start; it will be that they are only half completed.

Senator O'BRIEN—This is the major part of this outcome's budget, isn't it? The numbers on page 123 seem to suggest that. Maybe I misunderstand them.

Ms Evans—Not the capital works program. That is only a part of the program.

Senator O'BRIEN—No. I am looking at the line item. What other items are contained in the line item? Perhaps you can refer me to the page of the PAES where I can see the original breakdown of the line item.

Ms Evans—We can provide you with a breakdown of the range of activities and services that is are funded under this appropriation.

Senator O'BRIEN—When you say capital works are not the major part of it, would they be a significant proportion?

Ms Evans—No. The most significant proportion is the funding of primary health care services, Aboriginal medical services and substance use services, and the recurrent costs associated with that. The major part of the appropriation is spent on that.

Senator O'BRIEN—Which of the performance indicators should I look at in the context of the capital works project?

Ms Evans—In table C7.3, under 'quality', under 'performance measures', under administered item No. 1, there are 10 new clinics, redevelopments, improvements and 18 new staff houses in remote areas. That is the performance measure.

Senator O'BRIEN—For 2003-04, how is the department performing on that measure?

Ms Evans—I would have to give you a report on that at the end of the year.

Senator O'BRIEN—Was that the same performance measure as last year? Perhaps you can tell me how you performed on it for last year.

Ms Evans—We can give you the answer now. Mr Broadhead can read it to you out of the annual report, if you would like.

Mr Broadhead—The previous performance information was 16 new clinic redevelopments and 14 new health staff houses. The report says the target was met. There were 21 clinic redevelopments and improvements and 15 medical health staff housing projects completed in remote Indigenous communities. That is for 2002-03.

Senator O'BRIEN—So they are the sorts of developments that the capital works budget is allocated towards?

Ms Evans—Yes. It is new clinics or maintenance or redevelopment of clinics, and it is staff housing in remote areas to provide housing for doctors and nurses who are recruited from outside the communities.

Senator O'BRIEN—Are these joint projects with state and territory governments?

Ms Evans—Some of them are joint and some of them are straight Commonwealth. It depends on the nature of the service.

Senator O'BRIEN—Is there anywhere I can find a list of particular projects for last year and this financial year?

Ms Evans—We can provide you with a list of capital works projects under way.

Senator O'BRIEN—In previous years, particularly when Mr Wooldridge launched the report of the review of eye health in the Aboriginal and Torres Strait Islander communities in 1997 he said the government would act immediately on its recommendations. Nearly seven years have passed. Can you advise the committee which of the recommendations have been implemented.

Ms Norington—I think all but two of the recommendations have been. I may need to go back and check that, but I think it is all but two.

Senator O'BRIEN—Can you tell me which recommendations were not implemented?

Ms Norington—I do not have the copy of the set of recommendations with me. I would have to take it as a question on notice.

Senator O'BRIEN—Thanks for that. Has the department got a schedule on the recommendations and their implementation timetable?

Ms Norington—The government launched an Aboriginal and Torres Strait Islander eye health program. That program has in fact been running for a number of years—over five years. We have recently completed a review of that. That review report is under consideration now.

Senator O'BRIEN—When was the review completed?

Ms Norington—I think it was around October, with the final report received in December last year.

Senator O'BRIEN—Who conducted the review?

Ms Norington—It was conducted by the Centre for Remote Health in Alice Springs.

Senator O'BRIEN—And they presented their final report to Minister Abbott?

Ms Norington—It came to the department, yes. It was accepted by the reference group that was overseeing the consultation process that led to the review report.

Senator O'BRIEN—Is the report able to be made available to the committee?

Ms Norington—It is under consideration at the moment. It would be my hope that it would be, yes. A government response is being prepared to that.

Senator CROSSIN—You are going to release the response and the report at the same time. Is that correct?

Ms Norington—That is right.

Senator CROSSIN—I want to ask a follow-up question. You have consistently stated to me that funding and final decisions are on hold until the review is completed. For example, in June last year, you said that two undisclosed major programs were delayed because the review had not been completed. Is that still the case?

Ms Norington—I am sorry, but I do not know which programs. You will have to remind me.

Senator CROSSIN—I do not know either because you just referred to them as two undisclosed major programs. They were delayed because the review had not been completed. Is that still the case?

Ms Norington—I am sorry, but I would need to go back and have a look to see what that reference was to. I do not actually recall it.

Senator CROSSIN—Can you take that on notice and look at the *Hansard*?

Ms Norington—Yes, certainly.

Senator CROSSIN—Are there any programs that are currently still on hold or have been postponed?

Ms Norington—In the eye health program area?

Senator CROSSIN—Yes.

Ms Norington—Not to my knowledge, no.

Senator O'BRIEN—Is the review you have been talking about the Aboriginal and Torres Strait Islander Health and Welfare Information Unit review?

Ms Norington—No.

Senator O'BRIEN—According to your web site, the submissions to the review into that unit, the Aboriginal and Torres Strait Islander Health and Welfare Information Unit, closed on 26 July 2002. Is that review concluded?

Ms Cass—Yes, that review is concluded. It was a review of a unit that was jointly established and funded by the ABS, AIHW and the department of health. The review was intended to look at continuation of that unit. In the course of the review, the ABS chose to withdraw from that tripartite arrangement, so the activities of that unit have now continued under the auspice of the AIHW, the Australian Institute for Health and Welfare.

Senator O'BRIEN—So the review will not be completed?

Ms Cass—The review is complete.

Senator O'BRIEN—Is complete?

Ms Cass—Yes.

Ms Evans—The review is completed, but essentially it was overtaken by events in terms of the ABS's decision.

Senator O'BRIEN—I understand a progress report on the primary health care access program was unable to be provided at the last estimates round due to the complexity of the rollout across 21 zones. I understand Senator Crossin was promised a briefing. Regrettably, that has not occurred.

Mr Broadhead—We have arranged to meet with Senator Crossin on 2 or 3 March. Forgive me, but I do not have the date in front of me.

Senator O'BRIEN—Well, then it is regrettable that it could not have occurred before this estimates round. It will be three months hence.

Senator CROSSIN—For the record, I need to advise people that I did actually get a phone call from the department, albeit it was yesterday. But the phone call did come. So I make no comment about that. At least the phone call came, if I can put it that way.

Senator O'BRIEN—Am I correct in assuming a progress report is not generally available on the Internet on your web site?

Mr Broadhead—I believe so.

Senator O'BRIEN—Could you tell me why information on the progress of PHCAP is not more generally available?

Mr Broadhead—We do report progress in the annual report every year, so in one sense I suppose that is on our web site since our annual report is available on the web site. They are not separate specific reports, as I understand it, on the web site with regard to the progress of it.

Ms Evans—It is a standing item of the National Aboriginal and Torres Strait Islander Health Council progress report. PHCAP is a standard item there. So the information is available.

Senator O'BRIEN—So there is progress to, what, 30 June in your annual report?

Ms Evans—In the annual report there is progress for the year. But also with the health council we provide an update. The health council meets four times a year.

Senator O'BRIEN—So is it provided in documentary form?

Ms Evans—Yes.

Senator O'BRIEN—So why was it too complex to be provided at the last estimates?

Ms Evans—Correct me if I am wrong, but I thought we tabled it after the Senate estimates as an update.

Senator CROSSIN—The updated total?

Ms Evans—Yes. That was my understanding. It was a question on notice and we provided it in answer to a question on notice. That is my understanding.

Senator CROSSIN—Yes, that is right. I am told that is correct. You did give it.

Senator O'BRIEN—I am sorry, but I was not aware that that had been provided on notice. When was it provided?

Senator CROSSIN—Perhaps what Senator O'Brien is asking and what you provided are two different things. You provided me an update on just Northern Territory zone amounts, didn't you, rather than the national figures?

Mr Broadhead—We provided a table which sets out budgeted amounts in 2002-03, actual expenditure in 2002-03 and budgeted amounts for 2003-04. It was covering the Northern Territory, South Australia, Queensland, Western Australia, Victoria, ACT, Tasmania and so on. So it was covering all of the sites. I understand it was provided on 18 December last year.

Senator O'BRIEN—What is the latest update document that is available to the department? Is there a later one than was provided on 18 December?

Mr Broadhead—We could provide a later one. I do not have such a document in the format that was provided at that time, but it could be produced.

Senator O'BRIEN—What do you provide on a quarterly basis, as described earlier?

Ms Evans—We provide a report to the health council along those lines on a state by state basis, but the health council has not met since 18 December.

Senator O'BRIEN—I will move to another matter. Last night, Senator Crossin and I asked the Torres Strait Regional Authority about Commonwealth resources devoted to the control of dengue fever in the Torres Strait. We were told that no Commonwealth resources are dedicated to this task. That was the view TSRA put to the legal and constitutional committee. Is that correct?

Ms Halton—Dengue fever is not relevant to this program as it is administered under population health. The officers might be able to—

Senator O'BRIEN—I am talking about something specific to the Indigenous communities in the Torres Strait.

Ms Halton—In the department, issues that are relevant to Indigenous people are relevant to all of the programs that we administer, so you would find that population health take responsibility for issues that are relevant to their programs.

Senator O'BRIEN—In terms of this program, is there an approach of maintaining awareness of disease issues in Indigenous communities, Aboriginal and Torres Strait Islander communities, or is that population health?

Ms Halton—We need to make a distinction between the role of the Commonwealth and the role of the states. It is fair to say that in relation to these sorts of diseases and the issues particularly across the Torres Strait and the border with New Guinea, we work quite closely with our Queensland government counterparts together with AQIS and other sorts of people. The point I was merely making is that issues in relation to those cross-border issues are dealt with by the officers from population health, which is a program we have already completed.

Senator O'BRIEN—I understand that you have completed it, but I am asking whether there is any special role for OATSIH in a disease which appears to have claimed the first fatality in 80 years in an Indigenous community.

Ms Halton—Certainly people are aware of those issues.

Senator O'BRIEN—So what would be the role of OATSIH in relation to liaising with the other areas of the department that might have more general responsibility?

Ms Evans—There are a couple of aspects to that. We certainly keep in contact with our colleagues in population health around communicable diseases issues. But in relation to health services in the Torres Strait, we have a joint planning forum for the Torres Strait specifically and work with the TSRA, Queensland Health, who are the providers of services, and the Commonwealth. We are looking at joint priorities in the Torres Strait and to providing additional Commonwealth money into that. Communicable diseases are undoubtedly an issue.

The planning process may well decide to allocate some resources to communicable diseases in the Torres Strait.

Senator O'BRIEN—Has there been communication about the dengue fever issue?

Ms Evans—There has, yes.

Senator O'BRIEN—You are talking about the consultation process as if in some way it is prospective in terms of action. What is the process from here?

Ms Evans—In the Torres Strait, the joint planning group are developing priorities for action in primary health care. That is currently going on. Mr Broadhead may be aware of whether there are current proposals in for funding. It is a joint planning process, with priorities being identified and then an agreement between Queensland Health, which actually provide all the services in the Torres Strait at the moment, and the Commonwealth, where services could be strengthened and where the Commonwealth could be putting additional resources.

Senator O'BRIEN—Will they extend to environmental health issues?

Ms Evans—This program focuses on health services. There is a grey area where it moves into environmental health services. But environmental health services is not the primary responsibility of this portfolio.

Senator McLUCAS—When the Japanese encephalitis issue developed on Bardu Island in particular, what was the role of OATSIH in that event? I thought there was some direct role.

Ms Evans—I would have to be drawing on previous experience with managing the communicable diseases program. Certainly the Commonwealth's communicable diseases area convened a task force and were very active in developing a plan for the monitoring of Japanese encephalitis and for the production of the vaccine et cetera. So we were very actively involved as a department.

Ms Murnane—There is a communicable diseases network across Australia that has Commonwealth and state representatives. The Commonwealth provides a secretariat for that. In that way, the Commonwealth is active in monitoring and responding to communicable diseases across Australia. In relation to Japanese encephalitis and the vectors of Japanese encephalitis, the Commonwealth has a very active role through a process which conducts sentinel tests and which also has some role in identifying and following the vectors when they are seen. That has been quite remarkably successful. In the Northern Territory, where Japanese encephalitis has not established itself at all, and where there have been instances that have been related to me of Commonwealth and state officials identifying in a ship at port the mosquito that carries the disease, they arrange treatment.

Senator O'BRIEN—So the long and the short of it is that the Commonwealth is becoming involved in developing a strategy to deal with dengue fever outbreak in the Torres Strait in the way that you have outlined, Ms Evans?

Ms Evans—I cannot be as explicit as that because I would have to check with my communicable diseases colleagues. Certainly we are well aware of the dengue outbreak. I know that most recently an officer from the communicable diseases area was up in north Queensland, where there were discussions around those issues.

Senator O'BRIEN—I guess we could put the questions on notice for whichever part of the department is best able to answer it if it cannot be answered now. There is one very small matter I want to deal with. Does the disease leprosy, as it occurs in Indigenous communities, fall under the responsibility of OATSIH?

Ms Evans—I might ask Dr Fagan to respond to that question.

Dr Fagan—My experience in relation to leprosy is very minimal. As I understand it, sporadic cases occur. Local health authorities, both primary and secondary, deal with the situation. But we do not have an active program from OATSIH.

Senator O'BRIEN—Does the Commonwealth have any role in ensuring that leprosy infections are minimised?

Dr Fagan—I can only comment on the office. The office is not directly involved in the containment of leprosy, to my knowledge. But with communicable diseases the Population Health Division would be involved if there was a need.

Senator O'BRIEN—The reason I ask is that between 1986 and 2002, 28 new cases of leprosy were notified to the Kimberley public health unit. All patients except one were Indigenous. In the Northern Territory in the last three decades of the last century, there were 236 new cases. In several recent cases, diagnosis was delayed despite multiple presentations to primary health care staff and medical specialists, as I understand it. It is clearly a disease which should not exist in a nation such as Australia, but a number of cases are occurring. Is OATSIH aware of the statistics? What, if anything, is it contributing on the matter?

Ms Halton—It might be useful to have Professor Horvath contribute on the issue you raise about multiple presentations. I suspect the issue here will go to how often medical practitioners see these kinds of diseases. My understanding is that leprosy is treatable and in those cases people would have been treated. In terms of the specifics of programs in relation to leprosy, I think we would acknowledge that leprosy is not the problem it once was. But Professor Horvath might want to comment.

Prof. Horvath—The issue of delaying diagnosis is not surprising because it is now so rare and sporadic that most medical practitioners see very little of it in their lifetime. I think in 30 years I have seen three or four cases. Most of those in fact came from Noumea, not from the Northern Territory. The second issue is that because it is so rare and it does present in different forms, it is even more difficult, then, to have a pattern. As the secretary mentioned, it is now eminently treatable. Despite the common myth, it is not terribly infectious. You have to spend a lot of time in reasonably intimate communication to catch it. So when you put together the relative rarity of it, the fact that it is not highly contagious on a patient-to-patient basis and it is treatable, the type of strategies in place now will pick up most of the cases. It does happen to have a small pool in the Northern Territory. The more remote you get, the harder it is to totally eradicate the disease.

Senator O'BRIEN—Does that imply that in parts of Australia there should be at least some intermittent program of education of the medical practitioners and nursing staff that may only come into contact with people intermittently?

Prof. Horvath—It certainly is a part of the training and education process that I am aware of in the public health arena of medicos who practice up there. But, again, it is so rare, it is a pattern recognition thing. If you do not see it, no amount of book education is going to prepare you for it.

Senator O'BRIEN—So there is nothing that can be done?

Prof. Horvath—There are always things that can be done. But the programs that I am aware of are pretty responsible and reliable.

Senator O'BRIEN—Perhaps we will look at that again. Thanks.

CHAIR—Senator Crossin has more questions which she is going to kindly put on notice. Senator McLucas has asked whether she could have another 10 minutes. We have agreed to that. I hope you are agreeable to that as well.

Senator CROSSIN—I could have another hour, but I will let you off the hook.

Senator McLUCAS—We are deeply grateful.

Senator CROSSIN—And I did not get to my favourite topic. You know exactly what I am referring to. You can expect two hours in June.

CHAIR—We have to negotiate to get it up higher on the list.

Senator CROSSIN—I do not mind when it comes on. I would just like a longer time.

CHAIR—I thank officers for Aboriginal health.

[10.57 p.m.]

CHAIR—We will now move on to whole of portfolio—corporate matters.

Senator McLUCAS—I only have two matters that I want to cover in the whole of portfolio area.

Ms Halton—On indulgence, Ms Blazow would like to issue a correction to something that was said earlier today if that is all right.

Ms Blazow—I should have looked in my folder and not relied on my memory this late at night. The expenditure on AHSPIA of $650,000—I said they spent about $600,000—was a 2001-02 figure. In fact, in 2002-03, the expenditure grew by 21 per cent to $790,000. So the $116,000 for travel was contained in that $790,000, not the $650,000.

CHAIR—Thank you.

Senator McLUCAS—Is there a code of conduct that all staff are required to follow if they are offered hospitality from interest groups, service providers or health related companies?

Mr Law—There is an overall code of conduct for the Australian Public Service. In relation to code of conduct issues, there are particular policies that individual departments may have in terms of specific issues within the department. Does that answer your question?

Senator McLUCAS—Yes. Could we have a copy of those policies?

Mr Law—Yes, certainly.

Senator McLUCAS—If someone is offered hospitality would they register that hospitality in order to receive it?

Mr Law—Not usually, but if there is a question about the appropriateness of the hospitality, they should seek advice from a senior officer to determine whether it is an appropriate thing to attend.

Senator McLUCAS—That is one-on-one individual advice to that officer?

Mr Law—Within the context of the overall policy and code of conduct in the Public Service.

Senator McLUCAS—Are you aware of situations where staff members of the Department of Health and Ageing have been offered hospitality?

Mr Law—It is an issue of definition of hospitality. For instance, it was once regarded as a working lunch with an external organisation and so on, and that would be regarded as quite appropriate. It would go on from there. Certainly we are aware of those types of issues that arise.

Senator McLUCAS—Are you the person who the ultimate question would come to? I dare say someone would ask their direct line supervisor.

Mr Law—Yes. They would ask their direct line supervisor. If they needed clarification or a view on a difficult issue, I expect it would come to me.

Senator McLUCAS—Have there been cases where you have been asked to provide advice on matters?

Mr Law—There have been occasions where I have been asked to provide advice.

Senator McLUCAS—Have there been occasions when you have been asked to provide retrospective advice?

Mr Law—Not to my knowledge.

Senator McLUCAS—I will leave that until I get a copy of the policy and follow it from there. The last issue is that there was a report on members of an organisation called Defend and Extend Medicare. It was reported in the *Herald-Sun*.

Ms Halton—I have seen the report in the *Herald-Sun*.

Senator McLUCAS—The report was commissioned. Can you tell me who commissioned it?

Ms Halton—There has been no report commissioned by the department and no work that I am aware of by departmental officers in relation to that issue.

Senator McLUCAS—No work at all by departmental officers?

Ms Halton—That I am aware of in relation to that issue, no. That report was not accurate.

Senator McLUCAS—What do you mean when you say 'that I am aware of'?

Ms Halton—Short of going and interrogating every single staff member as to whether they have ever made any kind of off-hand inquiry about that issue. Has there been a formal report commissioned under this issue? No. Have I inquired of or asked my officers to investigate

that issue? No. We are not aware that that issue has been commissioned or pursued by the department.

Senator McLUCAS—It says that an internal report was prepared by ministerial officers. That possibly means it could be conducted out of the minister's office as opposed to the department?

Ms Halton—It may well be. As I say, from the department's perspective, if there is an implication that we as a department had, that is not accurate.

Senator McLUCAS—So it could have come out of the minister's office?

Ms Halton—I have no idea. I have no knowledge of what has gone on in ministerial offices. But I can tell you from the department's perspective—not us.

Senator McLUCAS—We will have to pursue it in other places. That is all.

CHAIR—Thank you very much.

Ms Halton—It was not even 10 minutes!

CHAIR—I thank the minister, Ms Halton and all the officers and of course Professor Horvath, and I thank the senators, linesmen, ball boys, Hansard and the secretariat.

Committee adjourned at 11.03 p.m.