COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

WEDNESDAY, 2 JUNE 2004

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Wednesday, 2 June 2004

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

Senators in attendance: Senators Allison, Barnett, Jacinta Collins, Greig, Humphries, Knowles, McLucas, Moore, Payne and Webber

Committee met at 9.02 a.m.

HEALTH AND AGEING PORTFOLIO

Consideration resumed from 1 June 2004

In Attendance

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

Department of Health and Ageing
Whole of Portfolio
Executive
Ms Jane Halton, Secretary
Mr Philip Davies, Deputy Secretary
Ms Mary Murnane, Deputy Secretary
Professor John Horvath, Chief Medical Officer
Business Group
Ms Alison Larkins, Acting Chief Operating Officer, Business Group
Mr Stephen Sheehan, Chief Financial Officer, Finance Branch
Ms Eija Seittenranta, Chief Information Officer, Technology Group
Ms Wynne Hannon, General Counsel, Legal Services Branch
Ms Michelle Baxter, Assistant Secretary, Legal Services Branch
Portfolio Strategies Division
Mr David Webster, First Assistant Secretary, Portfolio Strategies Division
Mr Greg Roche, Assistant Secretary, Parliamentary and Portfolio Agencies Branch
Ms Shirley Browne, Director, Parliamentary and CSSS Section
Mr Jamie Clout, Assistant Secretary, Budget Branch
Audit and Fraud Control
Mr Phillip Jones, Assistant Secretary, Audit and Fraud Control 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, Population Health Division
Dr Tom Ioannou, Assistant Secretary, Strategic Planning Branch
Ms Sarah Major, Assistant Secretary, Food and Environmental Health Branch
Ms Lesley Podesta, Assistant Secretary, Communicable Diseases Branch
Ms Jenny Hefford, Assistant Secretary, Drug Strategy Branch

Ms Carolyn Smith, Assistant Secretary, Targeted Prevention Programs Branch

Primary Care Division

Mr David Learmonth, First Assistant Secretary
Mr Richard Eccles, Assistant Secretary, Budget and Performance Branch
Ms Leonie Smith, Assistant Secretary, General Practice Programs Branch
Ms Lisa McGlynn, Assistant Secretary, Primary Care Programs Branch
Ms Judy Daniel, Assistant Secretary, Primary Care Policy 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, Acting 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, Acting 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 Jonathan Benyei, Assistant Secretary, Evaluation Branch, Office of the Gene Technology Regulator
Ms Ngaire Bryan, Executive Director, Trans Tasman and Business Management Group
Ms Christianna Cobbold, Director, Trans Tasman Group
Mr Michel Lok, Chief Finance Officer, Therapeutic Goods Administration
Ms Terry Lee, Director, Legal Services Group
Mr Tony Gould, GMP Auditor, Office of Devices, Blood and Tissues
Dr 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

Food Standards Australia New Zealand

Mr Graham Peachey, Chief Executive Officer, Food Standards Australia New Zealand
Dr Marion Healy, Chief Scientist, Food Standards Australia New Zealand
Ms Claire Pontin, General Manager, Office of Safety and Services, Food Standards Australia New Zealand
Ms Melanie Fisher, General Manager, Office of Food Standards, Food Standards Australia New Zealand
Mr John Fladun, General Counsel, Office of Legal Counsel, Food Standards Australia New Zealand
Mr Paul Brent, Section Manager, Product Safety Standards, Food Standards Australia New Zealand
Mr Steve Crossley, Section Manager, Modelling, Evaluation and Surveillance, Food Standards Australia New Zealand

Australian Radiation Protection and Nuclear Safety Agency

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

Outcome 2 - Access to Medicare

Medical and Pharmaceutical Services Division

Ms Judy Blazow, First Assistant Secretary
Ms Rosemary Huxtable, Assistant Secretary, Medicare Benefits Branch
Dr Jane Cook, Senior Medical Adviser, Medicare Benefits Branch
Ms Joan Corbett, Assistant Secretary, Pharmaceutical Benefits Branch
Ms Ruth Lopert, Medical Adviser, Pharmaceutical Benefits Branch
Mr Chris Sheedy, Assistant Secretary, Diagnostics and Technology Branch
Mr Tony Kingdon, National Manager, Office of Hearing Services
Mr Allan Rennie, Assistant Secretary, Pharmaceutical Access and Quality Branch

Acute Care Division

Dr Louise Morauta, First Assistant Secretary, Acute Care Division
Ms Linda Addison, Assistant Secretary, Private Health Insurance Branch
Mr Charles Maskell-Knight, Principal Adviser, Medical Indemnity Branch
Ms Alex Rankin, Assistant Secretary, Acute Care Strategies Branch
Mr Mike Clarke, Acting Assistant Secretary, Acute Care Development Branch
Dr Bernie Towler, Medical Adviser, Acute Care Division

Primary Care Division

See Outcome 1

Health Insurance Commission

Mr Jeff Whalan, Managing Director
Mr James Kelaher, Deputy Managing Director
Mr Geoff Leeper, National Manager, Operations
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
Mr John Lee, Chief Finance Officer, Finance and Planning Division
Ms Ellen Dunne, General Manager, Program Management Division
Dr Brian Richards, Chief Information Officer
Ms Lynne O'Brien, Manager, Pharmaceutical Benefits Scheme Initiatives, Program Review Division
Ms Gabrielle Davidson, Manager, Privacy Branch, Office of the Chief Information Officer
Mr Peter McMahon, Manager, Business Relations and Development, ECLIPSE, Business Improvement 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
Mr Mark Thomann, Assistant Secretary, Office for an Ageing Australia
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
Dr David Cullen, Executive Director, Policy and Evaluation Branch
Ms Jane Bailey, Assistant Secretary, Quality Outcomes Branch

Information and Communications Division

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

Aged Care Standards and Accreditation Agency

Mr Mark Brandon, Chief Executive Officer
Mr Ross Bushrod, General Manager, Accreditation

Outcome 4 - Quality Health Care

Acute Care Division

See Outcome 2

Primary Care Division

See Outcome 2

National Blood Authority

Dr Alison Turner, General Manager
Mr Peter Degraaff, Branch Manager, Contract Management and Supply Planning
Ms Stephanie Gunn, Branch Manager, Policy, Planning and Corporate Services

Outcome 5 - Rural Health Care

Health Services Improvement Division

Mr Bob Wells, First Assistant Secretary
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 Jan Bennett, Assistant Secretary, Rural Health and Palliative Care Branch

Outcome 6 - Hearing Services

Australian Hearing Services

Ms Anthea Green, Managing Director

Outcome 7 - Aboriginal and Torres Strait Islander Health

Office of Aboriginal and Torres Strait Island Health

Ms Helen Evans, First Assistant Secretary
Dr Patricia Fagan, Senior Medical Adviser, Office for Aboriginal and Torres Strait Islander Health
Mr Peter Broadhead, Assistant Secretary, Program Planning and Development Branch
Ms Yael Cass, Assistant Secretary, Workforce, Information and Policy Branch
Ms Mary McDonald, Assistant Secretary, Primary Health Care Review
Ms Joy Savage, Assistant Secretary, Health and Community Strategies Branch

Outcome 8 - Choice through Private Health Insurance

Acute Care Division

See Outcome 2

Medibank Private

Mr George Savvides, Managing Director
Mr Pat McKinney, General Manager Sales and Retail, Medibank Private
Ms Sarah Bussey, General Counsel, Medibank Private

Private Health Insurance Ombudsman
Mr John Powlay, Private Health Insurance Ombudsman
Private Health Insurance Administration Council
Mrs Gayle Ginnane, Chief Executive Officer
Mr Paul Collins, Manager Reinsurance and Statistics
Mr Paul Groenewegen, Manager Prudential Reporting
Outcome 9 - Health Investment
Health Services Improvement Division
See Outcome 5
Office of the National Health and Medical Research Council
Professor Alan Pettigrew, Chief Executive Officer
Ms Cathy Clutton, Acting Executive Director, Centre for Health Advice, Policy and Ethics
Ms Suzanne Northcott, Executive Director, Centre for Research Management and Policy
Dr Clive Morris, Executive Director, Centre for Compliance and Evaluation
Mr Tony Krizan, Acting Executive Director, Centre for Corporate Operations
Information and Communication Division
See Outcome 3

CHAIR—I declare open this hearing of the Senate Community Affairs Legislation Committee. The committee will now commence examination of the Health and Ageing Portfolio. I welcome Senator the Hon. Ian Campbell, representing the Minister for Health and Ageing; the Departmental Secretary, Ms Jane Halton; and of course officers of the Department of Health and Ageing. Witnesses are reminded of the procedures to be observed by Senate committees for the protection of witnesses and in particular of the resolution which states in part: where a witness objects to answering any question put to the witness on any ground, including the ground that the question is not relevant or that the answer may incriminate the witness, the witness shall be invited to state the ground upon which objection to answering the question is taken.

I also remind officers that they shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of them to superior officers or to a minister. Evidence given to the committee is protected by parliamentary privilege; however, the giving of false or misleading evidence 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 budget statement and the portfolio supplementary additional estimates statement. I propose to call on the estimates as follows: Medibank Private, followed by questions on corporate matters which are spread across all outcomes and then outcome 2. At this stage it is planned that we will go to outcome 3 after the dinner break, but I understand that the department is aware that, if we should get close to going on to that before the dinner break, they will be on standby.

[9.04 a.m.]

Medibank Private

Senator McLUCAS—Chair, we have suggested to you a notional program which we hope will be able to be completed in the two days. It does mean that tomorrow will be a fairly long program. If it looks like we will finish outcome 2 earlier then we will bring on aged care earlier. But I do expect that we do not start outcome 1 until tomorrow. Hopefully, we will then be able to complete the estimates hearing by the end of business tomorrow. That is the plan.

CHAIR—Are there any questions on Medibank Private?

Senator McLUCAS—I understand that Medibank Private had a plan to negotiate some contracts with private hospitals and that quite a considerable amount of money was being proposed. Can you give me the background to that proposal?

Mr Savvides—The organisation has been working on what we call the hospital purchasing strategy. That program will take about three years to implement. It involves reform in the way we go about contracting with private hospitals. One component of that program is a request for proposal—like a tendering process—which we commenced early in May but terminated early.

Senator McLUCAS—Why was it terminated early?

Mr Savvides—In the issuing of documentation to providers, we noticed, through notification by one of the providers, a data corruption error in the tables that we issued. Whilst we could have proceeded, after discussion with our probity officer we thought it was appropriate to terminate the project.

Senator McLUCAS—I understand that this project was to be worth a total of $1.2 billion.

Mr Savvides—The hospital contracting component of Medibank's outlays are about $1.2 billion. The hospital purchasing strategy, as a program, has not been aborted, but one component of that—the planned tendering component for May, which would have worked through to around July this year—has now been deferred to some other time in the next 12 months.

Senator McLUCAS—What was the problem with the data corruption?

Mr Savvides—This is a model that acts as a currency converter. A key component of the new contracting processes is to move away from our old style of contracting, which was to pay on a per day basis, to a more modern approach which is centred around paying for episodic or casemix based treatment. We are not the first to do this. Many funds have already implemented such a change. This hospital purchasing strategy is to go through that process. We are now individually contracting with providers, with that methodology being offered as part of the change over, but we are no longer doing it through a tendering process as we had planned in May.

Senator McLUCAS—Were you going to tender with all the main hospitals?

Mr Savvides—Yes, with all the major metropolitan hospitals. We were going to create a tendering process to submit on the new episodic currency in the contract form, but now we

are doing that through an individual process, hospital by hospital—as we have always done in the past—as a result of having to abort the tendering process itself.

Senator McLUCAS—The program was going to be a tendering process begun in May. When was that going to be completed?

Mr Savvides—Most of it would have been completed around July.

Senator McLUCAS—What is the time frame now with the one-by-one negotiations?

Mr Savvides—We think it will take up until around September. There will be a small delay by doing it through an individual process.

Senator McLUCAS—Are there any current contracts with hospitals that will expire in that period?

Mr Savvides—There will be. We have extension arrangements which do not disadvantage the provider in that process. They get backdated, if you like, once the new contract is established.

Senator McLUCAS—So the negotiations is to backdate rather than to fill forward?

Mr Savvides—That is correct. There is a code of conduct in the sector which we must comply with in the way we go about contracting.

Senator McLUCAS—What is the impact on Medibank Private of this computer error?

Mr Savvides—The impact on actual financial performance is negligible. There will not be a change to our performance this year as a result of it. The hospital purchasing strategy had a long term benefit to the fund. As I said, it takes around three year to implement the entire program. It does include things like quality and safety standards which we want to implement within the contract forms with our providers, so that we raise the bar and they get a much more consistent service. The impact of it will be such that we will pick up any of the lost time through the RFP process being terminated. There will not be any financial burden on the business.

Senator McLUCAS—None at all? You said negligible initially.

Mr Savvides—It is negligible. We expect to regroup and pick up our time line and cover any gap that we might have had in our program.

Senator McLUCAS—What will the cost be to Medibank Private, do you think?

Mr Savvides—The actual cost of aborting a tender process? I do not have a specific amount of money in my mind about that but that would be $50,000 to $100,000 worth of lost time in that process. I can take that on notice if you want a specific assessment. The sizeable gains in implementing a new currency form for contracting is the major goal in this. That will take a couple of years to implement.

Senator McLUCAS—It has been reported that the private hospitals have been concerned about the error that occurred. What was, in effect, the error? What happened?

Mr Savvides—It is technical but I can have a go at this if you like. I am not an IT whiz. It is something like this: the actual currency conversion table helps a provider plug in a series of their own numbers to submit to the tender.

Senator McLUCAS—I am not a technical person, either. Can you tell me in really plain English what happened?

Mr Savvides—There is within the layers of the model access to other databases within that model. When we hand over the model to the provider so that they can tender, we terminate sensitive data within the subterranean layers of the model. One of the shortcomings of the software that was utilised was when you terminate those connections to other data the user believes that that termination has occurred when in fact—we discovered—embedded within that database is some of that sensitive data which would have distorted the tendering process.

It was not data that related to personal information of patients or anything like that. It was just data that constructs the model. It was inadvertent. We did not want to send it out. There was no intention to. But because we discovered it through the prompting of one of the providers we felt that the process was compromised. On that basis, we withdrew the tender.

Senator McLUCAS—In plain English, is it that Medibank Private inadvertently sent information about rival hospitals to other hospitals?

Mr Savvides—The actual content of that information is protected in confidentiality arrangements between ourselves and the providers. So I cannot disclose, as a result of those commercial arrangements, the detail of that data. What I can say is that the data is old—it is not current data—and it does not relate to information that assists the provider in their bid to win a contract with Medibank Private. If anything, the data disadvantages Medibank because the data source is Medibank Private.

Senator McLUCAS—It says in a newspaper report that I have the following:

... because some had been sent information about rivals in the tender documents.

Is that accurate?

Mr Savvides—We responded to that newspaper report because we felt the whole report was defamatory. Yesterday was the day they published our letter of opposition to it. We attempted to clear the record. We do not agree with the content of that editorial that was published in the AFR.

Senator McLUCAS—So, in layperson's language, if the problem is not that hospitals were sent information about rivals in the tender documents, what is it?

Mr Savvides—The information that you are alluding to is protected by confidentiality agreements between ourselves and providers.

Senator McLUCAS—I do not want to know the detail. But just in a general sense what was sent that was not meant to be sent?

Mr Savvides—It would be information that covered claiming costs associated with Medibank's business in playing claims.

Senator McLUCAS—I understand that some hospitals have had meetings with the minister as a result of this event. Is that correct?

Mr Savvides—I am not aware of any of those meetings. Obviously I was not involved.

Senator McLUCAS—I understand there has been an ACCC ruling which has forced Medibank Private to establish a $5 million fund to help consumers who have been misled by

one of your campaigns. Can you give the committee some background about what led to that, what the campaign was, what occurred and the time frame?

Mr Savvides—Yes. The ACCC commenced an action against Medibank Private in October 2000 in the Federal Court, where it alleged breaches of the Australian Securities and Investments Commission Act arising from two advertising campaigns that were run during the Lifetime Health Cover period—the ramp-up period for the industry. The advertising involved two particular products—a package-plus suite of products and a switch campaign. The ACCC took the view that details associated with enrolment into our product portfolio were not clear enough in the communications to members or potential members, which may have led to a misleading communication to those members. That triggered a series of legal interactions between the fund and the ACCC that lasted for quite a period of time. It started a couple of years before I took over my role here at Medibank. Medibank was successful at various parts of that process in the full Federal Court. Judges supported our position 3-0, but it continued with appeal through the commission. We finally came to a resolution on 13 May, permitting us to settle the longstanding dispute with the ACCC with a solution which was to establish a special fund outside of our normal claims reimbursement activity to deal with therapies, surgeries and interventions that are leading edge, not conventional in terms of current cover or reimbursement—for example, outside of the PBS if it included medications and whatever. That fund is set aside. It will be independently governed, and it will be audited by the ACCC every year for the life of the fund, which we expect will cover three years. Around $1.7 million worth of claims or requests can be settled through that fund which Medibank will provide funds for over that three-year period, that being the settlement for our dispute.

Senator McLUCAS—You say that the fund will be independently governed. How will that be done?

Mr Savvides—The fund will be presided over by a clinical expert and a legal expert, and those appointments will be approved by the commission. We certainly have the right to recommend people, but in the end the commission will approve those appointments. They will have access to the moneys and a clearance procedure to approve requests made on the fund by members. Only members can access the fund, and that process will be one that will have its own independent reporting and audit.

Senator McLUCAS—Is that report made to the ACCC?

Mr Savvides—Yes. They will oversight that.

Senator McLUCAS—How do your members access that fund? How do they know that they may have a potential claim?

Mr Savvides—There will be appropriate communications to the membership so that they will know and understand the nature of the fund. We expect that the primary stimulant to application to the fund will be medical practitioners, experts and clinicians who find a member of ours in a particular situation, where the treatment that they need to go onto is specialised, is leading edge or may not qualify to be covered under normal private health insurance cover. At that point, the surgeon is likely to prompt the patient, and together they will make an appeal to the fund to cover the costs of the ongoing surgical or medical

intervention as required. We think it will be health professional driven but on behalf of members who are caught in a particular predicament in terms of treatment.

Senator McLUCAS—So your communication will be with the profession rather than the members?

Mr Savvides—It will be both.

Senator McLUCAS—Will you write to all the members who were caught up in this misleading advertising?

Mr Savvides—Yes. We will free write existing communication pieces and add that information. Also, we will refer to our web site and keep members informed through the web site. Obviously, there are press ads going out today and on Saturday, and we will be complying with the court ruling and the agreement we made with the ACCC to make sure our membership knows about the fund. The fund cannot be underspent. If it had underspent moneys, the fund would roll over into following years until the moneys are finally spent.

Senator McLUCAS—I think you said that you were going to 'free write'? Is that what you said?

Mr Savvides—Yes.

Senator McLUCAS—What does that mean?

Mr Savvides—There is existing communication. It costs us over $1 million to write to members, because of the size of the membership. Obviously, we would not want to waste these moneys or any other management costs of the fund, so we will use existing comms and add content to it so that members are aware of this fund, as well as comply with the rulings of the court in communicating this solution.

Senator McLUCAS—As well as that, will you write to all specialists?

Mr Savvides—Yes. We have a provider communications network through our contracting arm in the business, so we will be able to communicate with all of our providers.

Senator McLUCAS—Finally, there is an issue, once again reported in the AFR, to do with the use of a pricing template. Could you explain to the committee what has occurred there?

Mr Savvides—I believe that the AFR created a misleading communication through its commentary in inferring that Medibank had illegally—I think they used the word 'pinched'—pinched access to a formula or a model produced by BUPA. On our files and on our records there is correspondence from BUPA that makes very clear that they have no intellectual property rights over that model. That is called the BUPA formula. It is only one out of 200 formulas in our conversion table that we established for the RFP process in the hospital tendering. It is public domain. Most of the modelling that we used was actually derived out of public health casemix modelling which is available to the industry. What we did was put together a conversion table so that the providers could bid a contract with us in a way that they were converting from per diem based charging to episodic charging, and to understand the difference between the two costs as they bid so that they could be confident about their costs as they attempted to win a contract with Medibank Private.

Senator McLUCAS—How did Medibank Private obtain this template?

Mr Savvides—It is a public domain document. These formulas are used by hospitals all across Australia to deal with pricing of private hospital procedures.

Senator McLUCAS—It is alleged that Medibank Private came across this template through a former BUPA employee who was employed by Medibank Private.

Mr Savvides—We have former BUPA employees in our company, employees from other funds, and the same occurs elsewhere—former Medibank employees are in other funds—but that is not the source of any illegal access to an industry formula. This industry formula is a public domain. I verified this personally by contacting the Managing Director of BUPA and he, again, stands by that position. That is why I was very unhappy with the tone and messaging within the AFR article, as I thought it was defamatory.

Senator McLUCAS—It does allege in this article, though, that Medibank admitted that it obtained the model when it hired a former Bupa employee.

Mr Savvides—The whole story is based on hearsay, and it is not the true content of what exactly occurred. The modelling that we built for the hospital tendering strategy was one that was built in-house. It is a substantial currency model. It uses public domain formulae to construct the model. The source of the particular Bupa formula is one that many funds and providers alike can have access to. You do not have to hire an employee to get it, because it is not owned by an employee.

Senator McLUCAS—How would I get it if I wanted it?

Mr Savvides—I am not quite sure, because I am not directly involved in the world of hospital contracting. I do that through my organisation. But I suspect that any of the major private hospital groups would have access to these models. They are not models to do with sensitive pricing information. They are conversion tables to move one form of pricing to another form. So there is also a misunderstanding as to the sensitivity of these software tools. They are conversion tables.

Senator McLUCAS—Do you purchase them?

Mr Savvides—There is nothing that you can purchase that meets the needs of your company. You have to construct your own, as it represents your own business. That is what we did over a 12-month period.

Senator McLUCAS—The way you are describing it to me sounds as though you had one model that you developed and the Bupa model was like a comparative modelling process.

Mr Savvides—Yes.

Senator McLUCAS—Which seems sensible.

Mr Savvides—We put together a series of algorithms like those you can find in a normal textbook and built something that met the needs of our company. Some of those bricks in the wall came from public domain common-use algorithms and some came from our own construction. What is unique is the way we built that mosaic to build the model for currency conversion for our tendering process.

Senator McLUCAS—Mr Bowden is quoted as saying that his objection is that 'they were trying to pass it off as a copyrighted Medibank document'. Is that correct?

Mr Savvides—I do not believe it is because, again, this is a piece of editorial that I believe had a certain slant to it.

Senator McLUCAS—It is in quotation marks.

Mr Savvides—Yes. I do not think I can answer on behalf of Mr Bowden. That is my answer.

Senator McLUCAS—Do you copyright your documentation and your modelling?

Mr Savvides—We have said that, once the use of our model is complete, it will be available as a public domain model.

Senator McLUCAS—So you will not copyright it?

Mr Savvides—That is correct.

CHAIR—You used the word 'pinching' a little while ago. That brought to mind a question I particularly wanted to ask you. What are you doing to increase your own membership base other than pinching the members from other funds?

Mr Savvides—Our marketing strategy every year is made up of certain components in terms of membership objectives. One component is called 'switch', which is a promotion of the fund, its brand and its product offerings to attract members from other funds. That is the smallest component.

CHAIR—It seems to me from casual observation that it is the largest component at the moment.

Mr Savvides—We do have a switch campaign running at the moment, and it is certainly a vigorous campaign, but in terms of overall expenditure or effort it is around 20 per cent of our total activity. Our biggest investment is in the retention of current members, because the most profitable way to pursue membership is through retention, given that there is churn in the industry and you want to minimise departing membership churn. The other component is 'new to fund, new to industry'. That is people who are not in private health insurance anywhere being attracted into the product through our brand. They are the three facets. The switch campaign is current at the moment, and it is a bold campaign. It obviously names competitors. The creative logic in the campaign came from the idea of a member who is, after receiving recent communications from their fund about a rate change, prompted to think about whether that is the right fund for them. That is the most sensitive period in the year to communicate switch. At that point in the cycle, which was in May, we put out a switch campaign to ask that question. It goes along the lines of: 'I used to be with a certain fund and I feel better now,' then the second half of that campaign, which is rolling now, is, 'Now that I am with—the implication is—Medibank Private, I am feeling better already.' That is the creative logic in the campaign.

CHAIR—How long is that campaign going to run?

Mr Savvides—It is a short campaign: I think it finishes in the next two weeks. It has a fairly limited budget and we only operated in three states. It is also a sampling exercise where we are learning a lot about the desire of competitor memberships to potentially move to Medibank in this process, and we have had a variety of responses in the three states we

trialled it in. They are not all the same and we are learning from that process. We spent $200,000 in Western Australia, a little more in Queensland and most of the spending was in Victoria, which has a much larger market.

CHAIR—What has been the result of that campaign on membership?

Mr Savvides—It is early days and you are asking me to reveal competitive information, which impacts the way we commercially operate. But I can say that the campaign had a variety of responses, from marginally positive to very positive.

CHAIR—Let me just get it straight: you are saying that the switch campaign is going to continue for another two weeks?

Mr Savvides—It is made up of two halves. The first half is the campaign that states the name of the fund that we are targeting for people to switch from. We are now into phase 2, which has a different statement in the posters: 'I feel better already.'

CHAIR—But nonetheless with the same message directly targeting switching from other funds?

Mr Savvides—The second half is non-identified—it does not name any funds; it just says, 'I feel better already.'

CHAIR—What is the trend line with your premium increases in the last, say, five years compared to the industry average?

Mr Savvides—Since 1998 our premium increases have been 24.7 per cent accumulated. That is eight per cent below the average industry rate increase.

CHAIR—Do you have a yearly breakdown on that?

Mr Savvides—I would have to take that on notice but I can provide that information.

CHAIR—Thank you for your time this morning. We will now move on to corporate matters.

Senator McLUCAS—I would like to start by discussing the questions on notice that were asked during the last estimates period. Can you advise the committee how many questions were actually answered on time?

Ms Halton—We had a total of 222 questions on notice, most of which contained several parts. Thirty-five were either answered in conjunction with other questions or required no further action because they had been dealt with. That left 187 questions. We provided 34 answers on or by the date, which was 8 April, and 53 within six working days.

Senator McLUCAS—How many did you say you provided?

Ms Halton—Thirty-four.

Senator McLUCAS—That was by 1 April?

Ms Halton—Yes.

Senator McLUCAS—My calculation is 32, but let us not quibble about that. And how many by 8 April?

Ms Halton—A further 53.

Senator McLUCAS—My documentation says 40.

Ms Halton—My records say that 53 came in. We can go back and check that, but certainly I have got—

Senator McLUCAS—Essentially, you are suggesting that 34 out of a total of 222 were received by the appropriate time.

Ms Halton—I have to say that the two documents that I have are inconsistent—one says 34 and one says 32, but they both say 53. I will have to seek some clarification on that. I am being advised that the back document is right—so it is 32 and 53.

Senator McLUCAS—The number that I have is 43 by 8 April.

Ms Halton—We can check, but I am told that it is 53.

Senator McLUCAS—I remember at the first estimates that there was a commitment given by the department to answer questions within the time frame. This committee has tried very hard to limit the questions that we put on notice. I wonder if there is an explanation about the enormous change from the very first estimates we had, when I think all questions were in on time, to the situation now, where by far the greater proportion of questions are not received within the appropriate time frame.

Ms Halton—As we discussed last time, there are a variety of processes that questions go through—some of which are within our control, some of which are not. I also think, to be fair, a number of the questions were quite complicated. You know full well, because we have discussed this on a number of occasions, that there is a very solid commitment. In fact, if you ask my colleagues in the department, they will tell you that every Monday morning I nag and harass them about exactly this issue.

Senator McLUCAS—They are nodding, which begs the next question: how many were prepared for the minister within the time frame that led us to 1 April?

Ms Halton—I would not want you to think that our record was unblemished. I cannot do it in my head, so I will have to add it up and come back to you.

Senator McLUCAS—And you could do that today?

Ms Halton—Yes.

Senator McLUCAS—As I said, I would not want you to think that we have an unblemished record. There were a number of questions that, given the budget and the complexity of them, took us a long time to compile, but I will give you the number a bit later on.

Senator McLUCAS—I would like to ask some questions about the advertising that the department is undertaking. I have a series of questions about the Medicare Plus advertising. Before I go to those, can you tell me what other campaigns the Department of Health and Ageing are contemplating or undertaking?

Ms Finlay—The campaigns for 2003-04 were, first of all, the pharmaceutical benefits campaign, which was conducted from July to October 2003. The media buy for that campaign was $8.82 million. The second campaign is the current ‘strengthening Medicare’ campaign which started on 23 May, and runs for two months from May to June.

Senator McLUCAS—You started it on 23 May?

Ms Finlay—It started on 23 May.

Senator McLUCAS—And it will go through to when?

Ms Finlay—It will go through until the end of June, so it is scheduled for two months. The media buy for that campaign is estimated to be $15.7 million. The next one is the tobacco campaign. That is for World No Tobacco Day. That is scheduled from 16 May through to 6 June. The media buy is $1.6 million. The meningococcal C campaign started in 2003. It is intended to go over two financial years. The media buy for this year for that campaign—which is essentially print media—is $0.52 million. That is it for the campaigns.

Senator McLUCAS—The tobacco campaign: in what media genre is it going to appear?

Ms Finlay—The tobacco campaign is television. This campaign has been run now for a number of years. It is a public health campaign designed to encourage Australians to quit smoking tobacco. It is a collaborative campaign with state and territory governments and the Quit line and it runs on television. The campaign has two elements to it. One is an advertisement that deals with some scenarios on tobacco smoking. The second advertisement is designed to say to people, 'If you are in these circumstances, the Quit line is available to assist you.' So there is a reprise and assistance to people. That is its intent.

Senator McLUCAS—Let us go to the Medicare Plus campaign. You said that the media buy is $15.7 million. What is a media buy?

Ms Finlay—I beg your pardon. The term 'media buy' refers to the purchasing of television time, print media, radio time and specialist television and radio—for example, SBS or subscription television. It is important in any campaign—and we are required to do this under government guidelines—to ensure that a proportion of the budget is allocated for non-English speaking background people. That is part of the media arrangements. The government has a media organisation, Universal McCann. That organisation has a contract with the Commonwealth and all agencies are required to use Universal McCann's services. It is Universal McCann that is responsible for buying the media time on behalf of the government, and that includes on behalf of the Department of Health and Ageing for the Medicare campaign.

Senator McLUCAS—Could you give me a separation, then, of that $15.7 million in terms of how much is telly, how much is radio and so on?

Dr Wooding—I will spare Gail's voice for a bit here and answer some of these questions. Traditionally with these campaigns, when we have been asked about them by the Senate in the past—going back a number of years—it has been our practice because of the complexities of the buying and the fact that it is often hard to tell exactly the expenditure until the end to give full details of everything at the end of the campaign rather than at the beginning. We have not got the bills in yet. The campaign has only just begun. So we will be able to provide that to you on notice shortly but we cannot give that today.

Senator McLUCAS—But you would have a notional separation. You would know how much you are spending on television, radio and print.

Dr Wooding—We have a budget overall for the campaign—which was in the 2003 budget—of $21.1 million for all activities within the original A Fairer Medicare campaign and then subsequently the 'strengthening Medicare through Medicare Plus' campaign. But with these activities it would be simpler if we put the complete figures to you when we have completed them. Up to now—as you would see if you look back over previous *Hansards* of Senate estimates—we actually have given you the figures after we have completed and have the actual bill because these things can jump around a bit, given that the buy involves trying to find advertising at particular places and there is a bit of uncertainty about how much time you have been able to purchase until the end of the campaign. So I cannot give you an exact breakdown at this stage.

Senator MOORE—What is the billing cycle for this kind of enterprise? Senator McLucas has established that this is a two-month campaign aimed towards the end of June. When this part of the campaign ends at the end of June, what is your estimate of when the bills will 'roll in', as you have said, and we have a final costing on this program?

Dr Wooding—I would say it would be very soon after—

Senator MOORE—Very soon?

Dr Wooding—Yes.

Senator MOORE—Is it on a 30-day type cycle?

Dr Wooding—The money has been budgeted for this financial year. Under accrual budgeting arrangements we can receive the bills after the end of the financial year, but it is good accounting practice to actually clear them up very quickly. As I say, I do not think it will be very long. But today we have the issue of the timing, the campaign occurring as we have these hearings. Typically, when I have come to these hearings in the past, a campaign or a part of a campaign has been completed. But at the moment we are in the middle of one and it is not a good time to provide figures; they would not be accurate figures of what we have spent.

Senator McLUCAS—I recognise that they will not be accurate because the bill has not come in, but you have a budget. Also a media campaign has to have an understanding of where the target audience will be and how you are going to get to them. If you think the target audience is best accessed through print, then you would have a view that you would put a proportion of the overall budget into print. These are all sensible things that people do. I dare say that that has already occurred.

Dr Wooding—There is a notional budget, which I think was provided to the Senate at the Prime Minister and Cabinet hearings, of $15.7 million for the total buy. It is no great secret to say that television advertising is the most expensive element of that budget, so that would be a substantial portion of that. But, if we were to give more figures than that, they would not be the accurate figures; they would be only an estimate. I would rather give you the accurate figures when the bills have come in.

Senator MOORE—Would they be indicative? I have heard a lot about indicative figures recently and I just wonder whether we could get some indicative figures around this answer.

Dr Wooding—I think the $15.7 billion is an indicative figure.

Senator MOORE—That is a bulk indicative figure.

Dr Wooding—That is a bulk indicative figure and I really do not want to go beyond that. They would not be accurate figures and I do not think that would be terribly helpful at this stage.

Senator McLUCAS—To be frank, it would be extremely helpful if you were able to provide us with, notionally, the separation between radio, print and television. I do not recollect us not talking about budget figures in the time that I have been here and I do not think my question is unreasonable.

Senator Ian Campbell—Mr Chairman, the senators are now asking for the department to provide inaccurate figures and the officers have said they are not prepared to do that. They have given the global budget figure and they have also given an undertaking to give the accurate figures when they are available. I think it is entirely unreasonable for senators to say, 'We really want some inaccurate figures.' It is not fair. In other estimates over the last few weeks the government has copped political flak for inaccurate answers. We now have Labor senators saying, 'We want inaccurate answers,' and I think it is simply not appropriate for officers of the Commonwealth who are saying, 'We prefer to give accurate answers,' to be told to give inaccurate answers. As much as it may help the Labor Party's political ambitions to have inaccurate answers, we should not expect Commonwealth public servants to play that game.

Senator McLUCAS—Minister, we are quite aware of the difference between actual figures at the end of a campaign and those in a proposed budget. I am asking simply for the separate proposed budgets for the three particular advertising elements. Clearly my question does not ask for inaccurate figures and to say that is misleading.

Senator Ian Campbell—I am sorry, but the officers have said that those answers could only be inaccurate and they have said they will provide you with the accurate figures as soon as they are available. I think that is entirely reasonable.

ACTING CHAIR (Senator Humphries)—I think you have had the answer to the question, Senator. I do not think we can get any further with this line of questioning.

Senator McLUCAS—When it gets to the point that a simple question like that cannot be answered, it begs the question: what is being hidden? Really it is a very simple question.

ACTING CHAIR—I note your comment, but the question has been answered as best the officers can. Do you have other questions on this theme?

Senator McLUCAS—Yes I do, but I am very disappointed in our inability to get those figures. There is an allocation of $21.1 million for the total budget for A Fairer Medicare and then MedicarePlus; the purchase of the media spend is $15.7 billion. What are the other moneys going to be spent on?

Dr Wooding—The money was appropriated to the department in the 2003 budget under 'departmental expenses', so it became part of the overall running costs of the department. As a result, following on that appropriation, the department has engaged in a range of activities right back to the beginning of A Fairer Medicare. We have already reported to the Senate on some of those early activities. We have continued some normal campaign activities in relation to A Fairer Medicare and subsequently the MedicarePlus project and then, at the end of it, the

Strengthening Medicare campaign, which includes the media buy that we have already discussed. It also includes the radio advertising for non-English-speaking backgrounds we have discussed and the mail-out production—

Senator McLUCAS—So the $15.7 million does not include the purchase on SBS or the specialist purchase, or is that included in that media buy?

Dr Wooding—The $15.7 million includes a number of things. As I said, it was basically a figure given as a global approximate figure. It certainly covers the mass media and radio advertising. At the end of the day it may also include some other things. As I said, I do not want to give exact figures at this stage, because we do not have the bills in. We have not completed the campaign. But that was certainly a global estimate figure. There is also the production and mail-out of the Strengthening Medicare booklet and the distribution of the booklet. There is an 1800 information line and a Strengthening Medicare web site. Basically, there has been a range of activities over slightly more than a 12-month period, culminating in the Strengthening Medicare campaign.

Senator McLUCAS—What is the cost of the production of the booklet and the mail-out?

Dr Wooding—Once again, I would like to give you exact figures on that when we get there, but it will be in the order of up to $5 million.

Senator McLUCAS—When does the booklet go out?

Dr Wooding—The booklet will be mailed out in a process completed by 26 June.

Ms Finlay—The booklet mail-outs began yesterday from Australia Post. The reason Dr Wooding was unable to answer in detail is because he has not been briefed by me as yet because I only heard that yesterday. So the first mail-outs took place on 1 June. Because of the issues around the logistics of a mail-out on this scale, Australia Post will be progressively delivering over a period of about two weeks. I should also mention that copies of the booklet are already available in Medicare offices, and I understand that the first available booklets have already cleared Medicare offices at the request of the public and more are currently being provided.

Senator McLUCAS—How will they be sent out? Are they direct mailed or are they householder delivered?

Ms Finlay—This is a householder mail-out.

Senator McLUCAS—You will not use a mailing list at all?

Ms Finlay—No, definitely not.

Senator MOORE—The printing of the booklet is obviously completed if it is already being mailed out, but you do not have that bill yet?

Dr Wooding—No. We will have it soon. I do not think you will have to wait a long time for this information. I just want to give you the exact figures.

Senator McLUCAS—What is the cost of the 1800 number?

Dr Wooding—It is obviously an ongoing cost. I do not think we have an exact cost here.

Ms Finlay—I think we have an establishment cost of $2,200 with Telstra. The actual monthly figure of how much the telephone line costs depends on the number of calls. I will take that on notice, then I can give you advice about the actual cost, because I would need to check that against the number of calls.

Senator ALLISON—How many staff are involved there?

Ms Finlay—The line is managed through the department's own call centre operation. For the start of the Strengthening Medicare campaign on 23 May we briefed 20 staff to staff the line. However, we may not have those 20 staff on the line on any one day simply because it depends on the rate of calls. My understanding is that in the first few days after the campaign started on television we needed the 20 staff, but the numbers have varied since then. The expectation is that we may have to go back up to the full 20, depending on the response when the booklets are received.

Senator ALLISON—Do you have a summary yet of the kind of calls you are getting, what people are asking and what they are being told? Do you have any breakdown of that?

Ms Finlay—Yes, I do. Since 23 May, when the campaign began on television, we have received a total of 2,694 calls. Of those calls, approximately 659 were classified as campaign calls. The reason for that is that we asked for information to be kept on whether a person was calling specifically about the campaign or matters in the campaign as opposed to more general calls about Medicare, because the line has been operating for some time. We usually get calls from people about Medicare related issues, both on the policy front in relation to the government's packages and more general calls, and we have an arrangement where we switch those calls through the Health Insurance Commission to assist members of the public. We have asked the inquiry line to classify the information according to the initiatives or matters covered in the Medicare package. Far and away the greatest number of inquiries relate to the Medicare safety net and the rights that people have to that safety net. Other matters covered include, for example, the $5 payment to GPs and the new MBS items. It covers the full gamut of Medicare policy initiatives of the government and Medicare services that are then referred on to the Health Insurance Commission.

Senator ALLISON—Of those calls, how many people complained about the fact that this advertising was being funded by the Commonwealth?

Ms Finlay—We have a provision in any of our call centre activities for a complaint or concern to be registered. I am not sure whether we have asked specifically about a complaint about the campaign itself. We do have a 'response of caller, satisfied and dissatisfied' section, and we have had three dissatisfied callers. I would have to check whether we have had any other concerns or complaints, but that is what the figures are telling me.

ACTING CHAIR—Three out of how many?

Ms Finlay—That was out of 2,694 calls.

Senator McLUCAS—Regarding the development of this campaign, I think many of us were very surprised to see that the label has changed. What was the process in the development of this campaign?

Dr Wooding—First of all, the point to make when you say 'change of name' is that, when MedicarePlus was announced, the exact term used to describe it was 'MedicarePlus' followed by 'strengthening Medicare'. It was in the actual title of MedicarePlus all along, so I do not think it is accurate to say that the name of the campaign has changed.

Senator McLUCAS—I think it is accurate, but let us not argue about that.

Dr Wooding—Strengthening Medicare was a concept in the MedicarePlus announcement, and it was found in the work done in the development of the campaign that emphasising that point rather than the full title would be a better way of presenting the campaign.

Senator McLUCAS—Did you use focus groups in the development of the campaign?

Dr Wooding—The normal practice with these campaigns is to use market research. Most market research companies these days strongly use focus groups, and on this occasion that was the case.

Senator McLUCAS—Was there a range of focus groups?

Dr Wooding—Yes. Ms Finlay may have more details, but typically you do different regions and different demographic groups and you target different groups in the focus groups to get a good sense of the target audience, and it is a very large target audience in this case, of course—the entire population.

Senator McLUCAS—How many focus groups were used?

Ms Finlay—I cannot answer that right now, but we will find it for you.

Senator McLUCAS—When was that work done?

Dr Wooding—All the work for the campaign was done between the announcement after the legislation was passed in mid-March and the launch of the campaign on 23 May. My recollection is that the campaigns were done in the April-May period.

Ms Finlay—The focus group testing started in April. I should mention that the first approval we received in relation to the campaign was on 24 March. As you are aware, all matters relating to government communication campaigns need to be approved by the Ministerial Committee on Government Communications. Our first meeting with the committee was on 24 March. At that meeting the research consultants, Worthington Di Marzio, were appointed. Worthingtons were asked to conduct some initial focus groups. The first focus groups to test initial awareness of Medicare as part of the health system were in the period 1 to 7 April. There were 16 focus groups and 14 in-depth professional interviews with health professionals. Subsequently, 35 focus groups were conducted from April through to May.

Senator McLUCAS—Do you give Worthington Di Marzio a brief of what you want tested?

Ms Finlay—Yes, because we need to explain the parameters to them.

Senator McLUCAS—Exactly. Awareness of Medicare was one of the things you obviously asked them to tell you about. What were the other things you asked them to test?

Dr Wooding—As agreed through the Ministerial Committee on Government Communications, the objectives of the campaign were: to inform the community of how improvements to Medicare form part of concerted and systemic government action to strengthen Australia's health system; to raise awareness and understanding among consumers and health professionals about the practical ways in which the improvements to Medicare benefit families, individuals and communities; to raise awareness and understanding of the ways in which the improvements to Medicare aim to meet the specific needs of older Australians, Australian families and communities in outer metropolitan, regional, rural and remote areas; and to promote registration for the new Medicare safety net by Australian families. The brief to Worthington Di Marzio was to test all those objectives with the focus groups.

Senator McLUCAS—When did it become evident that the logo would change from MedicarePlus to Strengthening Medicare?

Ms Finlay—I must admit that I have never thought of the MedicarePlus symbol you have referred to as a logo.

Senator McLUCAS—Most Australians have. There has been commentary in the newspapers. You would have to admit that.

Ms Finlay—I must say that I did not, for the purposes of the campaign, because we deliberately asked Worthington Di Marzio to explore the range of issues that Dr Wooding has referred to. But, yes, it was used for the purposes of the announcement.

Senator McLUCAS—It was called MedicarePlus.

Dr Wooding—That was a launch document. Typically a campaign will have a title in budget papers such as these ones and in other activities where the government launches something. When it comes time to have an information and communications campaign for the public, after we have had some expert advice on how to get our message across quickly, the title associated with the campaign may not be the same as appeared in the original launch. That has happened on many occasions in my experience.

Senator McLUCAS—At the last estimates we asked what it costs. I think a contract was put out to come up with the words MedicarePlus. I cannot remember what the cost of that was.

Dr Wooding—There was a contract, again with Worthington Di Marzio—and you will see this in estimates—to come up with some advice on how best to launch the A Fairer Medicare package which was launched last year. That was prior to MedicarePlus. The suggestions about what sort of title the package would have was part of that research, but no market research has been undertaken that has come up with the title MedicarePlus.

Senator McLUCAS—I will go back over the *Hansard*. I think a question was answered directly that the cost was $30,000. That is my recollection, but I cannot remember.

Dr Wooding—That was A Fairer Medicare, Senator, from the middle of last year.

Senator McLUCAS—So A Fairer Medicare cost $30,000. Did we not actually pay anyone to come up with MedicarePlus?

Dr Wooding—MedicarePlus, with its subtitle which included Strengthening Medicare, was something that we came up with within government. Basically, it is a title—as is often the case with a package of measures—but it was not a campaign title.

Ms Halton—I would like to add to that. I do not believe that there was any contract or anything else, exactly as Dr Wooding says. If you go back to the rural health package, which I think was called More Doctors, Better Services—and I do not even know what the origin of that was—it was just a label that was used at the time. It is my understanding that this was the same.

Senator Ian Campbell—I think you get what you pay for in this area, too, by the sounds of it.

Senator McLUCAS—It was clearly called MedicarePlus when we started and now it is called Strengthening Medicare. Can you tell me when, obviously, focus groups came up with the response back to Worthington Di Marzio to say that that was not resonating and that we needed another label?

Dr Wooding—Certainly these focus groups that we have discussed were part of that process in April and May which determined that the campaign would use the tag Strengthening Medicare. Once again, I do not think it is correct to talk about it in terms of changing the title from one title to the other. One was a title of the collection of measures and the announcements that were made on 12 March—and that was MedicarePlus. When the MCGC approved the campaign, the campaign was going to have the message Strengthening Medicare—and that was determined, ultimately, by the MCGC when they approved the campaign on the basis of all the advice that was going through the market research and through the other development work that would be used in the production of the materials for the campaign.

Senator McLUCAS—Were the focus groups asked what they thought of the term MedicarePlus?

Dr Wooding—We do not have all the details of what the focus groups were asked.

Senator McLUCAS—It is a fairly significant question though, isn't it—what you called it?

Ms Finlay—In my recollection of our briefing of the consultant, we did not specifically ask the consultant to test that question. Whether it arose in the discussions, I do not know.

Senator McLUCAS—Did the consultant advise the department that MedicarePlus had not worked well with the focus groups because the focus groups thought it was Medicare plus more money that they would have to pay?

Dr Wooding—It has not been the custom or practice here to release the results of focus group testing in market research until such time as it is no longer relevant to the policy and ongoing work of the government, so I do not think we can really answer anything in detail at this stage about what came out of the focus group discussions.

Senator McLUCAS—Subsequent to the campaign, could you potentially provide us with the focus group reports?

Dr Wooding—I think we have had many discussions about this in the past and there are a whole lot of factors—the key one being whether the information is of continuing use to the government in its work. We would have to take that on notice. But we certainly could not provide those at this time as the work is ongoing.

Senator McLUCAS—On the television, as I have seen it, there are two different types of advertisement: one general one that is a sort of introduction, and then one about the safety net. What other messages will come out in the TV ads?

Ms Finlay—There is also an advertisement due to start this Sunday on bulk-billing.

Senator McLUCAS—What will be the message in that one?

Ms Finlay—Basically, an explanation in the same question and answer form of what the government's policy is on bulk-billing under the Medicare package.

Senator McLUCAS—In the transcripts that I have here of the two ads that are already being aired, it does not inform people that they have to actually register for the safety net. Is there a reason why that is not included?

Dr Wooding—The total campaign, including the booklet, will provide all the material into people's minds about how to, and the fact that they need to, register for the safety net. These campaigns are worked out largely by experts and professionals and at the end of the campaign we expect the message to have been communicated to the public that they need to register for the safety net. Which ad which message is in, or whether the message is more comprehensively in the booklet or in the television advertising, or wherever, it is all part of a campaign which ultimately leads to people reading the booklet and becoming informed as to what they need to do.

Ms Finlay—I have the script in front of me and Dr Wooding's point is apposite because the advertisement finishes with the commentary: 'Over the next few weeks we will explain how these and other measures are strengthening Medicare and what they mean for you. Look out for this booklet; will be sending it shortly.' So the intention of the advertisement is to encourage people to read the booklet.

Senator McLUCAS—And the second one, which is specifically about the safety net, does not say explicitly that you have to fill in a form. I am not an advertiser either, but we all play this game from time to time. I just find it a bit surprising that people would not be advised that they have to register.

Dr Wooding—I could probably go back and talk to the experts about it, but in my experience you cannot get very much of a message across in a television advertisement. Here the key thing is that we are encouraging people to look at the booklet and find out more of the details for themselves. I think it has been proven over the years that using television to direct people to a print source is a very good way of getting them to understand what they need to do in a circumstance such as this.

Senator McLUCAS—I have a document here that I think is part of the *Strengthening Medicare* booklet. Is that right?

Ms Finlay—Yes, that is correct.

Senator McLUCAS—In the second paragraph on page 7 it says:

Medicare is now giving doctors more incentives to bulk bill people who need it most...

How did you come to that set of words?

Dr Wooding—It continues:

...by paying them more every time they bulk bill children under 16 and people with a Commonwealth Concession Card.

Senator McLUCAS—Who needs it most?

Dr Wooding—I think the government policy is that there is a particular need to bulk-bill children under 16 and people with a concession card, but I think you would have to ask the officers responsible.

Senator McLUCAS—I will let that one go through. Could we get—and I put this on notice now—a complete breakdown of the media spend by type? I want to know the print, radio and television buys by location.

Dr Wooding—We can do that, yes.

Senator McLUCAS—You can do that? It will be a huge document, but I am sure—

Dr Wooding—To the extent that we can do it, we will provide it. There may be advice also as to whether that reveals too much information about commercial arrangements—I do not know. We will take advice on all of that, but we will provide you with what we can.

Senator McLUCAS—I would like the information by location, but I do not want to know how much you spend in the *Torres News*, for example.

Dr Wooding—No, exactly. We can certainly tell you—

Ms Halton—The *Torres News*—

Senator McLUCAS—You are buying ads in it, Ms Halton!

Ms Halton—I know.

Dr Wooding—In the past we have been able to give you breakdowns, for example, by rural and remote and by metropolitan and capital cities and that sort of thing.

Senator McLUCAS—I would like it a bit more specific than that, if I could.

Dr Wooding—All right, we will see what we can do.

Senator McLUCAS—I would like to know that you are spending money in the *Torres News*, the *Weipa Bulletin*, the *Port Douglas and Mossman Gazette* and the *Cairns Post*.

Dr Wooding—You want all that detail?

Senator McLUCAS—Yes, please.

Dr Wooding—We will see what we can do and take that on notice.

Senator McLUCAS—The other figure that I need is the actual cost not of the media spend but of the research work on the development of the campaign prior to action within the campaign.

Dr Wooding—We can give you that, and there is a range of other costs. We will give you a detailed breakdown of those once we have certainty of what the costs are.

Senator McLUCAS—I also understand—and this might not be the right word—that there is a road show envisaged. We are going to put on a road show at supermarkets and shopping centres. Is that correct?

Ms Finlay—I would not quite describe it in that way but there is an intention to assist the drive to help couples and families to register for the safety net by carrying out some local level activity. That has already started and will continue during the course of the campaign.

Senator McLUCAS—What does it entail?

Ms Finlay—It basically entails some officers from the department, assisted by people from the Health Insurance Commission in Medicare offices, being present in local shopping centres or the local centre of town. For example, there was one session in Goulburn recently where this was done. The idea is to make sure that people see the booklet, see the registration safety forms and understand what we are asking them to do in order to register for the safety net. That is the purpose of these visits.

Senator McLUCAS—How do you come to the list of which shopping centres you should visit?

Ms Finlay—We have made an assessment. We have thought particularly about the issue of the families that need to register for the safety net and where those families may be in the country. We also focus very much outside the metropolitan area. The feeling is the advertising, together with access to Medicare offices, in metropolitan areas will be sufficiently helpful for metropolitan couples and families. We thought we should try and look at the question of regional Australia more intensively. That is one of the factors. The other is to look at families with children under 16 and concession card holders so that they are aware of their rights and entitlements under the policy.

Senator McLUCAS—Do you have a program of the visits already developed?

Ms Finlay—We have some tentative ideas. I would have to take advice as to whether we have settled those ideas, because so far we have been able to move into three locations but we have not yet settled the final locations. I can take that on notice if you want me to.

Senator McLUCAS—How many locations are we proposing to go to?

Ms Finlay—I do not know at this stage. I would have to take that on notice.

Senator McLUCAS—I will use the term road show. I know that is not the language. But how long do you imagine that that program will operate?

Ms Finlay—Subject to availability, the intention would be for those events to go through to probably about the middle of July.

Senator McLUCAS—And that is simply because of the extent of the program and the availability of staff—those sorts of questions?

Ms Finlay—Usually what you do when you accompany a campaign with more local level activities of this kind is you let the campaign—the television and the other activities—create

awareness first before you start these other activities. That is the reason for the schedule being the way it is.

Senator McLUCAS—Can we get a list of the locations that you go to when you have finalised that list?

Ms Finlay—When it is finalised, yes.

Senator McLUCAS—How much is allocated to this part of the campaign?

Ms Finlay—Because we have not settled the locations I could not give you an exact figure. It is in the category of when we know how many locations we will be able to give you a figure.

Senator McLUCAS—I daresay there will be an evaluation of the total campaign when it is completed?

Ms Finlay—Yes.

Senator McLUCAS—It might be useful to get a hold of that when that occurs. I have one other question about advertising. Do you recognise the artwork in this advertisement?

A picture was then shown—

Dr Wooding—It is very hard for me with my sight. Could we possibly have it brought round here?

Senator McLUCAS—If you could bring it back. I just want you to look at the artwork.

Dr Wooding—I promise, if you just bring it round. I do not recognise it.

Ms Finlay—I am familiar with the advertisements that have been prepared for the campaign, and this is not part of the government's campaign. I do not know who has taken some of the text from other advertisements that have appeared and cut and pasted it.

Senator McLUCAS—Has there been a purchase of the logo by the advertiser in that particular ad?

Ms Finlay—I beg your pardon?

Senator McLUCAS—Has that advertiser purchased the right to use the term Medicare Plus in that way?

Mr Wooding—I am not aware of anybody purchasing—

Ms Finlay—This is the first time that I have seen this; I am not aware.

Senator McLUCAS—Is it appropriate for a Liberal Party candidate to be using intellectual property that belongs to the Department of Health and Ageing?

Mr Wooding—I think we will take that question on notice.

Senator ALLISON—Did we discover who put the advertisement in?

Senator McLUCAS—It is in advertisement by Mr Causley in a newspaper that I think is called the *Northern Star*.

Ms Halton—Is it a paid advertisement?

Senator McLUCAS—I imagine so. I do not know—I certainly hope that it is not being paid for by the Department of Health and Ageing.

Mr Wooding—Certainly not.

Ms Halton—We can guarantee that.

Senator McLUCAS—It is the use of the logo, the intellectual property of the Department of Health and Ageing, that I find a bit interesting. Has permission been given to Mr Causley for the use of the logo?

Ms Halton—We will check. I do not think that we have been made aware of any of this. I do not know that any of us have seen this previously. We are not aware—but we will take it on notice—that we have ever had any approach seeking release of any of the material. There is a question about whether it is a paid advertisement, but this is the first we have seen of it.

Senator McLUCAS—Sorry, I do not understand your point. Whether it is a paid advertisement or not has no relevance to the question.

Ms Halton—If the newspaper has done a cut and stick of the material, if I can describe it that way, that is one issue. You are suggesting that it is a paid advertisement.

Senator Ian Campbell—I think your concern is their use of the logo. It is entirely appropriate for a member of the government to be promoting a government program and being proud to have delivered it to his local electorate. It is very natural activity for a local member of parliament. Your concern is whether he crossed the line by using a logo. It is not something that we have an answer to.

Senator McLUCAS—Given that the ad ends by 'authorised by', I would suggest—

Senator Ian Campbell—He is doing the right thing. It says 'authorised by Ian Causley' and it has got Ian in the ad. He is being very honest and upfront. He is out there promoting what he regards as a good government program in his local electorate. There is nothing wrong with that. It is what good local members should do.

Senator McLUCAS—I do not know whether the use of Department of Health and Ageing intellectual property by a person in a political campaign is appropriate. It is clearly electioneering, but it is using government property.

Ms Halton—We will take that on notice. This is the first that we have been aware of it.

Senator McLUCAS—But I would also like to find out what you intend to do about ensuring that people who use your intellectual property inappropriately are pursued and should pay for it. This is being used for his own purposes, not to promote Medicare plus or Strengthening Medicare.

Ms Halton—I make the observation that the logo is not something that we have registered as a proprietary.

Senator McLUCAS—So you are happy to give it out?

Ms Halton—It has not been our practice, as I understand it, to copyright things which are labels, which I think was Dr Wooding description previously. That is a fact. Unless we have changed here, I do not think we have copyrighted that.

Senator McLUCAS—Could you also advise the committee whether Mr Causley sought permission to use Medicare Plus, how that process occurred and whether any other members of parliament, candidates or the Liberal Party has requested to use any of the logos associated with the Department of Health and Ageing?

Mr Wooding—Certainly.

Senator McLUCAS—Given the time frame that we are looking at, if you could give that information back to us in the short term—and by that I mean today or tomorrow—that would be terrific.

Ms Halton—We will make inquiries inside the department. We will give you an answer on what we can find out, understanding the we can only go so far in asking people. If you would like us to do that by today or tomorrow, we cannot ask every single person in the department. We will do what we can do in the time frame.

Senator McLUCAS—It is within the department. I cannot imagine you have that many staff.

Dr Wooding—We will have a look within the area and will get back you with some advice on what we do.

Senator McLUCAS—Thank you.

ACTING CHAIR—I have seen advertising in the windows of Labor members of parliament in this town with a sign saying 'Save Medicare' using the Medicare corporate style of logo. When you take that question on notice, can you consider whether the use of the Medicare logo in the same fashion for political advertising of that kind is also in some way a breach of copyright or of intellectual property?

Ms Halton—I think they are two fair questions. I have not got the answer to what are the arrangements in relation to have we actually got those copyrighted. I do not know the answer.

Senator Ian Campbell—I have also across Australia in my travels seen Labor and coalition members and senators advertising government programs in their windows as a community service. I think it would be absurd to say, 'Sorry, you're not allowed to put those posters up.' In fact, departments across the Commonwealth send brochures, posters and campaigns and basically use members' and senators' offices, because they are generally spread throughout suburbs and are often in shopping centres, as a service to the community. I think it would be an absurd proposition to say that a member or senator needs to apply to whichever department every time they help promote a Commonwealth government entitlement or program.

ACTING CHAIR—Patently absurd, it would seem to me.

Senator Ian Campbell—Senator Humphries's question is a good one. If we are going to investigate whether Mr Causley has sought some approval to use a Medicare style logo, it should apply to the Labor Party member in Canberra. Perhaps we could have the name of that member, Senator Humphries, to help our search. It might make it easier.

ACTING CHAIR—It is the member for Canberra.

Senator Ian Campbell—Mr McMullan?

ACTING CHAIR—No, Ms Ellis.

Senator Ian Campbell—We could check on Ms Ellis as well. I think that is appropriate.

ACTING CHAIR—I have a question on advertising. You mentioned there was a $21 million budget for the strengthening Medicare promotion in last year's budget. Is that correct?

Dr Wooding—Fairer Medicare, it was called.

ACTING CHAIR—Right. Do we have figures for advertising and promotion of Department of Health themes and messages for previous years going back, for example, to the previous government?

Dr Wooding—What we have done previously for this committee is given advice back to 1996-97. That was question E04110 for the estimates of 18 February 2004. You want to go back before 1996 as well?

ACTING CHAIR—Yes.

Dr Wooding—We will see what we can find for that as well.

ACTING CHAIR—Perhaps you could give us an indication in constant dollars of how advertising budgets have travelled, say, in last three years of the former government and during the time of this government.

Dr Wooding—So approximately the last 10 years.

ACTING CHAIR—Yes.

Dr Wooding—We will see what we can do.

Senator Ian Campbell—I recall asking questions in estimates on spending in the 1992-93 year. I remember it was huge and the previous Labor government massively ramped up the spending in the four to six weeks before the federal election both prior to the 1993 election and I think before the 1990 election. It was not spread over months as we have spread it but just whacked in in the six weeks before the election. I think it would be very interesting to go back to about 1992; that would be useful.

Senator McLUCAS—I think it would be a great idea. I have actually done that analysis and, when you put on a graph, it shows an upward trend.

Senator Ian Campbell—It does, just before the election—

Senator McLUCAS—No, from 1990 to 2004. So let us get that information. We are getting it on an annualised basis: is that correct, Senator Humphries?

Senator HUMPHRIES—That would be fine, yes.

Senator McLUCAS—What are we actually asking for? Let us be really clear about this.

Senator Ian Campbell—And bring it over to constant dollars.

Dr Wooding—Is this from 1990? Can we have a date?

Senator HUMPHRIES—I think the last—

Senator MOORE—How about back to Federation!

Dr Wooding—I do not think we have those records! There is always a limit on how far back you can go in time with these, but we will do what we can on that, back to that time.

Senator McLUCAS—When you bring it up to constant dollars, can we also have an explanation of your methodology for doing that?

Dr Wooding—We will do what we can with that as well. We have had a system that we have used in previous questions not only on this but on other expenditures, so I am sure we will have a way of doing that.

Senator McLUCAS—That will be very interesting. Senator Humphries, that is a great suggestion.

ACTING CHAIR (Senator Humphries)—I am happy to help. I suppose that, given the assistance of Centenary House, we could even ask you to give us figures on how much has been spent to date by the Labor Party on its Medicare campaign. But I suppose you might be a bit hard-pressed to find that information.

Senator McLUCAS—That is an excellent idea. I would be happy to provide the figures on what the Labor Party has spent promoting Medicare, because it actually comes from Labor Party income.

ACTING CHAIR—That is from Centenary House, is it?

Senator McLUCAS—This is $21 million of taxpayers' money that is being spent to advertise what is, in my view and in the view of many people in our community, a purely political campaign.

ACTING CHAIR—Centenary House is not taxpayers' money?

Senator McLUCAS—The timing of the campaign is perfect for the purposes of the Liberal government.

Senator Ian Campbell—It is political now but it was not political prior to the 1996 election. That is called 'hypocrisy'.

Senator McLUCAS—Minister, let us have a look at the figures when we get them from the department and let us have an analysis of the cost of this campaign to taxpayers and remind them that they are paying for it. We are up to *Unchain My Heart* again.

Senator Ian Campbell—It is okay for Labor state governments to advertise their programs and it is okay for Labor federal governments to advertise their programs, but it is not all right for a Liberal federal government to advertise its programs. That is the hypocrisy that you are prosecuting.

Senator McLUCAS—It is $21 million. It is a lot of money.

Senator Ian Campbell—It is money very well spent.

Senator McLUCAS—On propaganda.

ACTING CHAIR—I think those questions are going to be taken on notice.

Senator Ian Campbell—It is propaganda if we do it, but it is information if Labor does it.

ACTING CHAIR—That seems to be the case.

Senator Ian Campbell—That is called 'gross hypocrisy'.

Proceedings suspended from 10.32 a.m. to 10.49 a.m.

CHAIR—We will reconvene. Ms Halton, you look as though you are just about to speak.

Ms Halton—Can I inform the committee that we actually had a fire in the department earlier this morning, in the office of the NHMRC. To say their building has burnt down is an overstatement, but their building has been significantly damaged by fire. So I am wondering, on indulgence, whether it would be possible for us to find out what questions the committee may have for the NHMRC, because I think they will find it quite difficult in the next two days to be here for a long period. It would help me enormously, given what people are currently out in Woden managing—

CHAIR—Is everyone all right?

Ms Halton—Everyone is all right. It happened basically before the building was occupied this morning.

CHAIR—Good—if you can say good about something like this.

Ms Halton—Exactly. They will all have to be relocated and it is causing significant stress to the staff. If we could find a way of managing the committee's need for dialogue and information in this context, I would be very grateful.

Senator McLUCAS—From the Labor Party perspective, we are quite happy to put our questions to NHMRC on notice. Can I suggest that we ask the secretariat to contact those senators who usually have an interest in NHMRC. It is my view that we should not call NHMRC, to be frank.

CHAIR—I do not think they should be here at all. Senator Allison, are you happy with that?

Senator ALLISON—Yes.

CHAIR—Maybe we can ask the secretariat if they would be kind enough to make contact with other senators who, as you say, Senator McLucas, would routinely ask questions of NHMRC.

Ms Halton—I would be very grateful.

CHAIR—We wish them well.

Senator McLUCAS—Please pass on our concern.

Ms Halton—Thank you.

CHAIR—Questions. We are still on corporate matters.

Senator McLUCAS—I want to go back to the development of the campaign again. Dr Wooding, what is the relationship between the minister and the development of the campaign?

Dr Wooding—The campaign work is developed under the guidance of the Ministerial Committee on Government Communications and the minister is a member of that committee. Obviously the work is undertaken within the minister's department but ultimately all

decisions about the campaign are made by the Ministerial Committee on Government Communications. He is a member among others there.

Senator McLUCAS—When the actual copy, if you can call it that, is developed, does that get taken across the minister's office for him to have a look at?

Dr Wooding—He sees it as a member of the committee. What happens is that first of all there is a selection process for the various people contributing to the campaign: the marketing research, the advertising agency, the public relations. They put forward various proposals which are then assessed by the MCGC and one is chosen. Those materials at that very early stage are seen and there is an ongoing process of working up material, which is brought back when decisions are required to the MCGC, and the relevant minister as a member of the committee sees those materials.

Senator McLUCAS—So it is just an iterative relationship, I suppose, between the company and the MCGC, not between the company and the ministerial office, because the minister is a member of MCGC.

Dr Wooding—Between the company and the department, and we then go to the MCGC with the company with the materials. Unless Ms Finlay wants to elaborate, that is basically the process. As a member of the committee, the minister is entitled to see the materials as they are being developed.

Senator McLUCAS—Because this particular minister is a member—

Dr Wooding—When the MCGC meets the relevant portfolio minister is always a member of the MCGC. Obviously questions on how the MCGC operates are really questions for PM&C, but that is my understanding.

Senator McLUCAS—Was the minister briefed about the content of the advertising campaign separately to that process?

Dr Wooding—Obviously, we would be briefing the minister. When the minister goes into MCGC he is also representing the portfolio, so he needs to be prepared to understand what he is going to be seeing and what he is going to need to talk to the other members of MCGC about. We are taking to the MCGC materials that we have worked on with the consultants and that we think are good and should be accepted. Therefore, of course the minister needs to be ready to understand those. That is a standard process as well.

Senator McLUCAS—Were there any changes to the copy by the MCGC or by the minister?

Dr Wooding—Yes, it is an iterative process. The MCGC looks and makes suggestions and changes. Then we go away and more work is done. This is a standard process with any materials.

Senator McLUCAS—So changes were made as a result of that?

Dr Wooding—Changes are always made. Certainly, all the times I have ever been to the MCGC there have been changes. You have to go away, do more work and come back. That is what their role is. They are there as a final approval body.

Senator McLUCAS—Can you give me an understanding of the nature of the changes that were made?

Ms Finlay—As Dr Wooding has said, their process is an iterative one. I think that there is one element that is material and important in the way in which the scripts are developed and the way in which the print is developed. That is that the process that the ministerial committee applies is one where there is interplay between the advertising company that is responsible for working on these advertisements and the department. We provide technical and professional advice on the accuracy of the information. An important ingredient in this is the role of the researcher. Whenever copy is looked at or a script is looked at it is tested and the researcher is asked for his or her advice. So that is an important element. Changes that are made are frequently as a result of advice from the researcher to make sure that the material that is prepared is intelligible and clear.

Senator McLUCAS—Is that testing done through focus groups again?

Ms Finlay—Indeed.

Dr Wooding—Typically, you may have to go away and do more testing. It is a very typical process that the MCGC will want more testing done of the advertising to make sure that it communicates the message. I believe that this is fairly standard in private sector advertising campaigns as well. This is the way you do advertising, basically.

Senator ALLISON—The booklet which is being circulated at present makes no mention of the non-VR rebates. Can you indicate why this is the case?

Ms Finlay—I think the short answer to this is that an assessment is made about how much you can cover in a booklet of this kind. Given that it is designed for consumers, we are trying to deal with the consumer focus. The non-VR element is quite complex. It is something that can lend itself to other forms of communication and explanation.

Senator ALLISON—What percentage of consultations are rebated from non vocationally registered GPs?

Dr Wooding—We will have to take that on notice.

Senator ALLISON—It would be useful to have an answer. The purpose of my asking the percentage is to test whether or not this is a minor issue that should have been ignored by the booklet.

Dr Wooding—The other thing is that the booklet is focussed on what consumers need to know, and I guess this is a technical issue. It is a technical issue for the administration of Medicare as much as anything else.

Senator ALLISON—Consumers will go along to their non vocationally registered doctor—of whom there are many, particularly in country areas—and their rebate will be substantially different from what is in this booklet. Given the repetition in this booklet, I would have thought that pointing that out would be a useful thing to do. I just make that point. Throughout the booklet there are suggestions that people register, which is a good thing. There is no advice about same sex couples. Why was that not included in the booklet?

Ms Finlay—We would have to ask somebody from the Health Insurance Commission to assist us, or from our policy area.

Dr Wooding—I believe Ms Huxtable has an answer to this question.

Ms Huxtable—Just to clarify, for the purpose of the safety net there is a definition of a family that is part of the Health Insurance Act, if I can just refer to that: 'For safety net purposes a family consists of a couple legally married and not separated, or a man and a woman in a de facto relationship, with or without dependent children, or a single person with dependent children—that is, children under 16 years or full-time students under 25 years whom you support.' A same-sex couple does not fall within this definition.

Senator ALLISON—I realise that, but why didn't the booklet say so?

Dr Wooding—The only answer I can give to that is I guess people live in a whole lot of different family relationships and arrangements where they will not be eligible, and the booklet does not go into that much detail.

Ms Huxtable—From memory, I think the booklet does clearly state what a family does comprise for the purpose of the safety net. That is my memory of what is in the booklet.

Senator ALLISON—I have just had a quick look through it—

Ms Huxtable—It is on page 13.

Senator ALLISON—and it talks about spouses but it is not specific. Given the current debate, this should be clarified.

Dr Wooding—Thank you; it is a point. But I think basically the booklet was about the 'strengthening Medicare' measures.

Ms Huxtable—It has just been pointed out to me that on the safety net registration form in the back of the book—I am not sure if you have it there—it also specifically refers to what a family includes.

Senator ALLISON—Okay.

Ms Halton—I think it was page 13 that Ms Huxtable referred to. It says 'a couple, married or de facto, or a single person with dependent children'. It is exactly as Dr Wooding said: it is not possible to include every single permutation and combination which is not covered, but those words, I think, are fairly clear.

Senator ALLISON—How many families do you expect to register—is there some sort of target number within a particular time frame? Is there a point at which you will say, 'Not enough have registered and we need to do this advertising again'?

Dr Wooding—That is an evaluation question. Obviously, we are aiming to inform all eligible Australian families of their entitlements.

Senator ALLISON—I understand that, but you must have some sort of target. You will not get 100 per cent, but is it going to be 70 per cent? What do you think will be the number of people who will respond to this booklet by way of registering?

Dr Wooding—We have no specific—

Ms Huxtable—There are a number of facets to the call for people to register— not only the booklet; that is one mechanism. There has also been a very proactive approach within Medicare offices to remind people of the need to register. That has resulted in a rapid growth in the rate of registration since the beginning of the year—since 1 March in particular. At this point in time there are around 2.2 million families who are registered for the safety net. The denominator for that, ideally, is all families in the last census, which is around 5.2 million families. But in reality there will be families who do not incur out-of-pocket costs, and so a registration rate of 100 per cent, while it would be excellent to achieve, is not necessarily going to become a—

Senator ALLISON—I understand that, but my question is about whether there is a percentage that the department is looking for and on which it will judge its effectiveness in terms of informing people and decide to do another round of booklets, or not, or more advertising. You must have some sort of benchmark where you say, 'Right, we've achieved that; that's okay—we've got 75 per cent' or some other figure.

Ms Halton—I think we need to be clear. Most of the officers who are available at the moment can talk about advertising campaigns because we are on whole of portfolio and to say that our advertising is targeted to a particular outcome—we benchmark in terms of awareness, in other words are people aware of the issue, but we have not—I could be corrected here by my colleagues—got a target that says 'we must achieve the following registration rate and we will keep going until we are done', because we have a budget, and we have had that dialogue—we know about the spending of that—but we have not set objectives for this in terms of 75 per cent of families or 80 per cent or what have you. If we want to get into the conversation about how many families there are, probably we should tackle that under program 2. But in terms of the advertising—so Ms Huxtable cannot talk about the advertising.

Senator ALLISON—I am talking about the advertising and trying to establish what your benchmark is and whether it has been successful or not. If it is awareness raising, what is the awareness raising measure? Do we say if half the population is aware, that is okay, or is it more than that, and when do you do that testing and what outcome do you expect?

Ms Halton—Ms Finlay can answer those questions, but Ms Huxtable cannot; I am sorry.

Dr Wooding—We will be measuring the extent to which we have achieved awareness. We have not determined exactly our evaluation strategy, but we will attempt to ascertain how far the message has reached the population. The action, which is how much they have registered, is not the key—as the secretary has said—to the success of an awareness campaign, which is what this campaign is.

Senator ALLISON—So when you put together a campaign for advertising, it does not include an evaluation strategy?

Dr Wooding—There is an evaluation strategy, but I do not think we can say much about that at this stage.

Ms Finlay—I think essentially you may recall we were talking earlier on about the objectives of the campaign. One of the objectives was to promote registration for the new Medicare safety net by Australian families.

Senator ALLISON—Which is why I asked the question.

Ms Finlay—Yes, indeed. What we did not do, however, in policy terms or in developing the campaign was to set a target for that, simply because we were aware that there was a range of activities under way within the Health Insurance Commission that were also aimed at promoting registration. So I think it would be too much to expect that the campaign alone would result in high rates of registration. It would contribute.

Senator ALLISON—I accept that, but I do not accept that we cannot have an evaluation strategy at the commencement of the campaign.

Dr Wooding—We will be undertaking a survey of people after the campaign to ascertain the extent to which the message was received, and that is typically what we do. I just did not have the exact words in front of me. So we will be doing a survey to ascertain the extent of the receipt of the message. Obviously we will also have regard to the take-up rate, but the campaign is about awareness, not about—

Senator ALLISON—When does that survey take place?

Dr Wooding—It will take place at the end of the campaign, so at the end of June.

Senator McLUCAS—They are all the questions I have on advertising.

Senator HUMPHRIES—On the question of advertising as well: before the break there were some questions to the department asking it to check on the potentially unauthorised use of the department's intellectual property. I want to table for the department to examine on that issue a print-out of a page from a web site—www.alp.org—which uses what I think is the Medicare logo which has been developed by the department. This is not in colour but I assume the colour version uses the green, which is I think the Medicare colour. Can I table that and have that examined in the same context as my earlier question please?

Ms Halton—We have a couple of people looking at those issues at the moment. I have had confirmed—but I will come back and give a more complete answer hopefully later on this afternoon—that the things that we use for advertising we do not register. The Medicare logo is actually mentioned in the act. My understanding is however that the Medicare logo may not be used for commercial purposes by anybody, and we would prosecute in those circumstances, but it is able to be used if it is not in a commercial context. It has already been pointed out to me that there is one of the large 'save Medicare' logos in a certain political office over the road from the Health Insurance Commission office and Health Commission staff have seen it quite regularly, and we understand, but we are confirming this, that that is permitted. I am getting some legal clarification on the issue in terms of materials and how they are used just to make sure that I can give you a complete answer, but I am happy to look at that and then come back later on. I have asked my lawyers to go away and ensure that I can give you a complete answer on all of those fronts.

Senator MOORE—I know this is a creative issue, but I am interested in knowing what is the background to the imagery used on the booklet. I have been looking at your pretty coloured versions over here.

Dr Wooding—You mean the—

Senator MOORE—No, the thing around the outside. What on earth is that?

Dr Wooding—As I understand it, it is a strengthening image, but it is part of the overall concept of the campaign developed by the advertiser and agreed by the MCGC.

Senator MOORE—So it is a strengthening image?

Dr Wooding—I would assume.

Senator MOORE—I just do not get it.

Ms Finlay—You are referring to the bolts, the perimeter?

Senator MOORE—Yes, the bolts.

Ms Finlay—Basically what happened was that when you start the creative process on these sorts of exercises, the advertising company develops some concepts and when they develop those concepts those concepts are tested in the focus groups we were discussing earlier on. As a result of the concept development, this concept arose in the minds of the advertising company and was suggested and tested.

Senator MOORE—And the intent is strength?

Ms Finlay—Yes, conveying strength; that is right.

Senator MOORE—I just need to know. I could not work it out.

Dr Wooding—In advertising creative terms, that is probably a very crude way of putting it.

Senator MOORE—I am sure they would take several pages to make that statement, but the idea is that it is something strong.

Dr Wooding—In broad terms.

Ms Halton—I think this demonstrates why none of us are in advertising.

Senator MOORE—And why we are not in focus groups, I think.

Ms Halton—True.

Senator McLUCAS—You may want to take this on notice: how many times does the word 'MedicarePlus' appear in the green booklet?

Dr Wooding—Not at all I think.

Senator McLUCAS—Not at all?

Dr Wooding—I do not think so. I would have to check that.

Ms Halton—Senator Allison asked a question about non-VRed GPs and what proportion they were. I now have that information. They account for five per cent of benefits; six per cent of services (non-referred), which in total terms is 1.7 per cent of overall benefit levels; and two per cent of overall services.

CHAIR—Are there any further questions on corporate matters or can we go to outcome 2?

Senator McLUCAS—I have some questions that relate to question EO4 107 and 108 to do with travel. In the answer something that I found intriguing: for 1999-2000 and 2000-01, there is a double asterisk that says 'unable to separate the number of overseas trips for non-employees from employees'. I just need some clarification on what that actually means.

Mr Sheehan—Whereabouts is that?

Senator McLUCAS—Question EO4 107 is at the very last line on that page.

Mr Sheehan—That was in 2000-01.

Senator McLUCAS—1999-2000 and 2000-01.

Mr Sheehan—The department had a different finance system in those days and that information was not available in how it was actually coded.

Senator McLUCAS—The question really goes to: why are we paying money for non-employees to go overseas?

Ms Halton—For example, they might be committee members who we might send to an expert group convened by the WHO.

Senator McLUCAS—A committee like?

Ms Halton—The NHMRC members; they are not staff members but they have an official position or role and we ask them to travel for that purpose.

Senator McLUCAS—Could I then get for the years that you can disaggregate that figure the number of overseas trips and domestic trips for non-employees that were funded by the Department of Health and Ageing?

Mr Sheehan—I will take that on notice; I do not have that with me.

Senator MOORE—You have a new system; a new financial system?

Mr Sheehan—Since we have introduced SAP back in 2000-01 I believe that information is available and we will do our best to provide it if we can.

Senator McLUCAS—The other note really goes to the quest variability of those figures. You make the comment that the scope of the department has changed over time so therefore that would give an indication as to the change in figures. There seems to be a lot more travel in this current financial year than last year, and that figure is only to February 2004. Is there an explanation for that? My next question is: can you bring us up to date to now?

Mr Sheehan—There is. In preparation for this committee we found yesterday that that number is incorrect—

Senator McLUCAS—The number 234.

Mr Sheehan—And the real number is 141. The year to date number for April is 197—to the end of April.

Senator McLUCAS—To the end of April?

Mr Sheehan—Yes. I apologise for that, but we only found out late last night.

Senator McLUCAS—To the end of April is 197; is that correct?

Mr Sheehan—Year to date April is 197 trips.

Senator McLUCAS—For employees of the department overseas?

Mr Sheehan—That is the total number of trips.

Senator McLUCAS—So we are probably tracking to be around the same number as we were last year?

Mr Sheehan—Yes, we are.

Senator McLUCAS—You may need to take this on notice as well: how many double-ups—let us call them that—would you have for the same staff taking overseas travel in any financial year?

Ms Halton—What do you mean by 'double-ups'?

Senator McLUCAS—People who take more than one overseas trip.

Ms Halton—We can look that up but it would depend basically on the nature of a person's position. Essentially some people have jobs that require them to attend overseas committees. It would be the same person who would go two or three times. Some people have jobs that require no overseas travel.

Mr Sheehan—And it could be for different subject matter as well.

Senator McLUCAS—Can you tell me how that error occurred?

Mr Sheehan—I can. There was a subtotal inside the spreadsheet and the numbers were added twice. It is as simple as that; I am sorry.

Senator McLUCAS—When the answer was provided someone did not go, 'Oh that's extraordinary'?

Mr Sheehan—No, they did not.

Senator McLUCAS—Can you give me an indication of the purposes that overseas travel is taken for? I understand there are committees that people have to attend that are international.

Mr Sheehan—I can. Of the 197 trips that have been undertaken at the year to date April, about a third of them roughly a third of them or 59 relate to meetings; another 55 relate to conferences, which is about two-thirds in total. Then there are a range of other smaller items like workshops, forums; a couple relate to the free trade agreement. But in the main they relate to meetings and conferences.

Senator McLUCAS—So you have meetings, conferences, workshops, forums, free trade agreement. Are there any other categories in the list that you have?

Mr Sheehan—World Health Organisation trips.

Senator McLUCAS—Any others?

Mr Sheehan—There are four for training and four for general consultations as well. But they are the main ones.

Senator McLUCAS—I am just trying to get an understanding of the categories that you have on your list.

Mr Sheehan—Meetings and conferences; goods, manufacturing principals audits—13; World Health Organisation trips; workshops and forums and consultations and training; the freed trade agreement; and a couple of invitations.

Senator McLUCAS—Invitations?

Mr Sheehan—Two invitations.

Senator McLUCAS—What were they?

Mr Sheehan—I could not tell you; I do not have that detail with me.

Senator McLUCAS—What were they?

Mr Sheehan—I could not tell you—I do not have that detail with me.

Senator McLUCAS—And they would be invitations from a foreign country or from a—

Mr Sheehan—Possibly for someone to go and speak at a conference or whatever in another country.

Senator McLUCAS—I do not want to annoy the staff member, but could you provide that?

Mr Sheehan—We will provide the details for those two invitations.

Senator McLUCAS—That would be good. The other thing that I was not clear on was what you said on goods, services—

Mr Sheehan—Manufacturing principles audits—they are undertaken by the TGA.

Senator McLUCAS—Who decides which staff travel and to which locations? What happens inside the department when someone has to go to the World Health Organisation or someone sends us an invitation?

Ms Halton—All overseas travel is approved by a deputy secretary or higher in the department.

Senator McLUCAS—Who decides for the deputy secretary or the secretary to travel?

Ms Halton—My travel is approved by the minister in all cases. In the case of a deputy secretary, it would be approved by me. Obviously, if it is an issue of timing, there may or may not be discussion with the minister about that absence.

Senator McLUCAS—I do not understand that. If there is an issue of timing—

Ms Halton—My point is merely that the technical authority to approve rests with me. For example, if it was at the time of the budget—which arguably might be sensitive—I would make the point of ensuring that the ministers were comfortable with that.

Senator McLUCAS—Is that for all travel?

Ms Halton—That is not necessarily for all travel, but if I judge that there might be a sensitivity if someone is out of the country at a particular point in time.

Senator McLUCAS—Ms Halton, have you travelled overseas in this financial year?

Ms Halton—Yes.

Senator McLUCAS—On how many occasions?

Ms Halton—I have just finished being the co-chair of the OECD working group on health, and I have just taken a seat on the WHO board, basically at the end of the OECD project. I would have to confirm exactly how many trips that has required.

Senator McLUCAS—Could you give us a list of the number of trips and the purpose of the travel?

Ms Halton—Certainly.

Senator McLUCAS—Have you received any invitations to travel?

Ms Halton—No.

Senator McLUCAS—Has any staff travelled with the minister for health, if he has travelled overseas?

Ms Halton—He has not travelled overseas.

Senator McLUCAS—What is the reporting when there has been a trip overseas? Is there a standard reporting mechanism that the department operates?

Ms Halton—It would depend on what the purpose of the trip was. If someone was going on a development, experiential study tour, if I could describe it that way, you would expect them to report. If they were going to a meeting then the record of that meeting represents the outcome of that trip, if you see what I am saying. For example, take the World Health Assembly that I have just attended, followed by the board of the WHO. The World Health Assembly produced a series of resolutions to which we were contributors—obviously, there was a delegation of which I was the head—and that was the outcome of that trip.

Senator McLUCAS—So there is not a standard reporting system?

Ms Halton—No.

Senator McLUCAS—And I can understand that. With domestic travel, can you update me on where we are at the end of April for domestic travel?

Mr Sheehan—Domestic travel for the year to date April is $12,301,844.

Senator McLUCAS—So that is tracking quite similarly to last year.

Mr Sheehan—Yes, it is fairly similar to last year.

Senator McLUCAS—Could you provide that line in the table on notice? I do not need to hear it now.

Mr Sheehan—I will, and I will provide that with the other information on staff and non-staff.

Senator McLUCAS—Thank you. When a person is travelling overseas and they wish to have some personal time, what is the process that the department adopts in that situation?

Senator McLUCAS—When a person is travelling overseas and they wish to have some personal time, what is the process that the department adopts in that situation?

Ms Halton—As part of the form, there is an explicit section if someone is requesting time at the end or beginning of a trip. In some cases people might actually be recalled to duty overseas. In other words, they might be overseas coincidentally for something and we might take advantage of that and recall them to duty. Putting that to one side, we have a section on the form that says 'Is any additional time being sought approved?'—as recreation leave or whatever it might be. In my experience in the department, I may have seen one of those requests. I do not think I have seen more. It is not a component which is commonly sought, and you would judge it on its circumstances.

Senator McLUCAS—It happens in all sorts of places. Those sorts of things occur. When you were overseas, Ms Halton, did you extend for personal reasons at all?

Ms Halton—No. In fact, I flew in last Friday morning at 4.30 and was at a ministerial council at nine.

Senator McLUCAS—What do you take?

Ms Halton—Drugs!

Senator Ian Campbell—Under the PBS?

Ms Halton—No.

Senator McLUCAS—Maybe we should leave that out of the *Hansard*.

Senator Ian Campbell—I hope you did not take them out of the country with you.

Ms Halton—They came in and went out several times. No, Senator McLucas, I have actually never extended.

Senator McLUCAS—I will leave travel at that.

Senator Ian Campbell—Those of us with families in town tend to rush home to see them.

CHAIR—Senator Humphries has some questions on corporate matters.

Senator HUMPHRIES—I want to ask about the use of open source software within the department. I understand that Health and Ageing contracts its software procurement to IBM. Is that the case?

Ms Seittenranta—The procurement of software is not outsourced. We do our own procurement for any needs that arise as a part of our growing business. With the outsourcing contract, the software was not actually with IBM. They administer contracts, but we actually own the licences and pay for the products.

Senator HUMPHRIES—How do you obtain those licences? You do not have a single preferred software provider but go out to the marketplace?

Ms Seittenranta—We go to the market, generally.

Senator HUMPHRIES—What sorts of companies or organisations supply you? I do not need an exhaustive list, but what kinds of companies are supplying your software at the moment?

Ms Seittenranta—It will depend on our requirements. Generally, we would do some market research to work out which companies may provide software of the nature being sought for the business and go for either a restricted tender or an open tender, depending on the circumstances.

Senator HUMPHRIES—So you effectively have an open source procurement policy?

Ms Seittenranta—Yes.

Senator HUMPHRIES—Has that worked out for the department? Is it an effective policy, in your opinion?

Ms Seittenranta—It is working at the moment.

Senator HUMPHRIES—I understand that, in the past, agencies all went to the one Microsoft sourced software package and that that has been relaxed in recent years.

Ms Seittenranta—There was a whole-of-government arrangement, I believe, organised through what I think was NOIE at the time, and some agencies have chosen to utilise that contract. My understanding is that other agencies have made other choices. In our case, I do not know how we chose Microsoft. It was before my time. I can take it on notice, if you want, to find out the history of how we have chosen Microsoft.

Senator HUMPHRIES—Sure. I would be interested in knowing whether you consider that this has been a measure which has (a) saved money, (b) provided more flexibility and capacity for the department or (c) both of the above.

Ms Seittenranta—We have not done an evaluation in my time of the value of the Microsoft contracting arrangements.

[11.29 a.m.]

CHAIR—There being no further issues on corporate matters, we will now go on to outcome 2, Access to Medicare.

Senator McLUCAS—I want to start by asking some questions about bulk-billing rates. Is the department able to provide the committee with the cost of production of the quarterly rates of bulk-billed GP visits by electorate?

Ms Blazow—We did provide, in answer to a question on notice, details of the cost of producing electorate based statistics by quarter. It was in the order of $120,000 per annum.

Senator McLUCAS—Does the HIC have guidelines that determine what statistical information they can give out?

Ms Blazow—There are two types of data put into the public arena. There are quarterly publications put out by the department. In addition the HIC puts on its web site information of a more detailed nature in relation to the usage of specific items—for example, in the schedule. I do not know more details about that series of statistics that the HIC puts up, but they are very different from what the department produces. Our tables are much more of a policy nature—trends in Medicare—whereas the HIC statistics are at a more detailed level.

Senator McLUCAS—Who provides those guidelines to the HIC?

Ms Blazow—I am not aware that there are guidelines for the HIC's publication of data. We are all governed by the privacy provisions, for example, in our legislation. The publication of all statistics must conform with that. As you would probably be aware, individual cells are sometimes suppressed because it would disclose private information about a provider or an individual. So we are all subject to those sorts of guidelines. I am not aware that there are otherwise guidelines for the HIC about the type of information they produce, but I will stand corrected if somebody in my team knows differently.

Senator McLUCAS—The cost of issuing the bulk-billing rates by electorate is $130,000 a year. Putting that aside—it is a very small budget allocation in a department the size of Department of Health and Ageing—is it possible for the HIC to provide us not with

percentages of bulk-billed visits by electorate but raw data on the total number of non-referred GP attendances?

Ms Blazow—I not sure what you mean. I cannot see a distinction. Can you ask the question again please?

Senator McLUCAS—To be frank, neither can I. I suppose that is the point I am making: if the percentage is so difficult to provide to the committee then why can't we simply have the raw data which surely is there in the computer?

Ms Blazow—There are two reasons for the minister's decision not to continue the series by electorate and by quarter. The second reason is that there are distortions—the smaller the time series and time period, the more distortions. That is why, for a policy series of data, we feel more comfortable in producing electorate based statistics over the whole year. You see a much more reliable trend at the electoral level on that basis.

Senator McLUCAS—According to the logic you are proposing, the reasons for the distortions are the smaller areas and smaller time periods. Surely those two are in fact constant?

Ms Blazow—There is another issue in that Medicare data is not actually collected by electorate; it is collected according to the providers and the individuals concerned and then a process has to be gone through to try and match those data to electorate boundaries, which is quite complex in itself.

Senator McLUCAS—But it has been done?

Ms Blazow—It has been done. There are various methodologies for it. But it is not totally accurate and reliable and therefore you get that distortion; you get the small area distortion; you get small movements which distort. So the decision was taken that you get a much more accurate picture of what is happening to bulk-billing over time by the annual series.

Senator McLUCAS—This committee has been asking for those figures for two years now. Obviously, when the first request was made, the department would have had to respond in some way and develop that filter to allocate a particular design to working out which attendance was in which electorate. So that work was completed. When was that done?

Ms Blazow—Yes, we have published electorate data in the past. The series was discontinued.

Senator McLUCAS—I know; I am trying to work out—I call it a filter. There is a bulk-billing event and the computer in some way puts that into a certain electorate. That would have been developed about two years ago?

Ms Blazow—A system was developed but there is an issue about what puts what into what and how accurate that is.

Senator McLUCAS—The question I am asking is: when was that system developed?

Ms Blazow—I would have to take that on notice in terms of exactly when we did what I think is called a mapping exercise. There would have been a mapping exercise several years ago, I believe. But I do not know the exact timing of that.

Senator McLUCAS—And that mapping exercise then defines the electorates. We have used that same exercise—that same filter, if you use my language—consistently on all the data since 1996?

Ms Blazow—No, because it has to be regularly updated. If boundaries change, if postcode situations change, if the populations—because we have to apportion populations—

Senator McLUCAS—Sorry, why is population an issue?

Ms Blazow—If there is a change: if, say, people leave a country town, the proportion of the population in that town will change. It is not something that is totally stable. It does have to be updated. There is significant debate about the methodology that is used and how accurate it is and various different methodologies.

Senator McLUCAS—The question I am asking is: over the period of time, has the same methodology been applied to the data collected by the HIC, with the variables including boundary changes of electorates? I still do not understand why a change in population in a country town is relevant.

Ms Blazow—The methodology makes a judgment: how many people from those postcodes would go into that electorate and how many people from those other postcodes would go into that electorate. Yes, those judgments were made at some point in time and Medicare data was apportioned to electorates using that methodology. But that does have to be updated to keep it accurate—because populations change, electoral boundaries change and so forth.

Senator McLUCAS—I can see quite clearly with electorate boundary changes that a piece of work would have to be undertaken. When did the minister instruct the HIC not to compile electorate by electorate information?

Ms Blazow—The series in question is in the department's series, not the HIC's series. So it is the publication that the department puts out quarterly. The minister's decision, if I recall correctly, was just prior to the publication of the December statistics.

Senator McLUCAS—Were those December statistics actually compiled?

Ms Blazow—I will have to check that. I do not know, actually.

Senator McLUCAS—Was that directive in writing?

Ms Blazow—We certainly had a discussion and he actually spoke about it publicly. There was a press article about it. There was a minute also about it.

Senator McLUCAS—Can the committee be provided with that minute?

Ms Blazow—I will have to take that on notice.

Senator McLUCAS—Are the statistics still collected?

Ms Blazow—In the sense that all the Medicare data is collected, yes, they are. In the sense that we probably still have the mapping availability, the answer would be yes.

Senator McLUCAS—Are the statistics of the percentage of unreferred GP attendances by electorate still produced?

Ms Blazow—For an annual series, yes.

Senator McLUCAS—Quarterly?

Ms Blazow—No.

Senator McLUCAS—Not even for internal use within the department?

Ms Blazow—No.

Senator McLUCAS—Last quarter there was reported to be a slight increase in bulk-billing rates. Does the department have any analysis of where the growth, albeit small, has occurred?

Mr Learmonth—We have analysed it at a gross level and the reported figure was a 1.8 percentage increase for the March 2004 quarter in unreferred attendances.

Senator McLUCAS—Do we have any analysis of where that growth may be?

Mr Learmonth—At this point it has been broken down at a fairly aggregated level into rural versus metropolitan and age group at the gross level but not in any detail that I am aware of.

Senator McLUCAS—Can the committee have this aggregation for rural and metropolitan? 'By age group' I am interested in as well.

Mr Learmonth—What we have is that overall 68.3 per cent of unreferred services bulk-billed in the March quarter. For patients 65 years and over that figure was 76.9 per cent.

Senator McLUCAS—How did that compare to the previous quarter?

Mr Learmonth—I will have to take that on notice. I have not got comparative data for any of the breakdowns at this point. It is still relatively recent.

Ms Huxtable—I have that figure here, Senator. It is a 2.9 percentage point increase on the December quarter.

Senator McLUCAS—Now I need to know the actual numbers, because that seems to be quite a big rise compared to the total increase.

Ms Huxtable—I am not sure I can lay my hands on the actual number compared to the percentage, but that is the percentage increase. We can get back to you on that.

Senator McLUCAS—Mr Learmonth, what of the rural-metropolitan split?

Mr Learmonth—I have got some state figures as well, which I will read out. For RRMAs 1 and 2, which are metropolitan, 72.3 per cent of unreferred attendances were bulk-billed. In RRMAs 3 to 7 the figure was 56 per cent.

Senator McLUCAS—How does that compare with the previous quarter?

Mr Learmonth—We do not have those. We will have to take them on notice. I have some figures by state for non-referred attendances—the percentage change for each state in the March quarter over the previous quarter—and they are all positive. New South Wales was 0.9 per cent, Victoria was 2.5 per cent, Queensland was 3.2 per cent, South Australia was 3.2 per cent, Western Australia was 1.7 per cent, Tasmania was 4.7 per cent, the Northern Territory was 1.2 per cent and the ACT was 1.7 per cent.

Senator McLUCAS—And that works into a national average of 1.8 per cent?

Mr Learmonth—It is 2.2 per cent for all non-referred attendances. If you exclude the practice nurse item, it is a 1.8 per cent national average.

Senator McLUCAS—So the percentage change you have got there does include the practice nurse item?

Mr Learmonth—The state-by-state one does. The ones I referred to earlier do not.

Senator McLUCAS—I am trying to compare apples and apples here, that is all. Do you have the percentage change state by state without the practice nurse—

Mr Learmonth—They include the practice nurse items. The national average there is 2.2 per cent.

Senator McLUCAS—Do you have those percentages without the practice nurse item.

Mr Learmonth—I do.

Senator McLUCAS—Could you read them out in the same order?

Mr Learmonth—New South Wales, 0.7; Victoria 2.2; Queensland, 2.4; South Australia, 2.8; Western Australia, 1.0; Tasmania, 4.1; Northern Territory, 0.8; ACT, 1.5; national average, 1.8.

Mr Davies—The data we are seeing here are for the first quarter of the year. It is important to note that the bulk-billing incentives, which obviously have some relation to these changes, only came into effect on 1 February, so you have a hybrid of figures here, one month without the incentives and two months with. That is one point: you have a mixed picture here. It is also important to realise that this covers a period where the system is in a state of flux, so there will be instability in the system during a period, which means that any data has to be interpreted with a certain degree of caution.

Mr Learmonth—At the risk of further complicating the issue, the $5 bulk-billing payment started on 1 February, as Mr Davies said it is a part quarter effect. The $7.50 higher payment did not start until 1 May so its effect is not in that quarter at all.

Senator McLUCAS—I think that is an extremely good analysis for why it would have been terrific, not only for the Australian community but also for those people who are watching, such as health economists, to publish this data in the first quarter of this year and the second. It is a perfect example by which to analyse the effectiveness of government policy. If the same filter was applied to that information by electorate, you could really get some good information about what, in fact, is occurring across the nation. That is by way of commentary more than anything else. Do we have any data by any geographical area about the number of children who are being bulk-billed?

Mr Learmonth—No, I do not believe so.

Senator McLUCAS—Is it possible to collect that?

Ms Huxtable—I might need to rustle through some papers, but I think we do have data in here in regard to the age range of services. If I can take it on notice, we will have a look at it and get back to you.

Senator McLUCAS—You can collect data on 65-plus. That is being currently collected, obviously.

Ms Huxtable—The Medicare data set does include age. How that information is aggregated is another matter—that is, what age ranges it is aggregated into under current arrangements.

Ms Halton—We might come back to you on this one. I think there might be an issue here about the age groupings that we actually have as a regular arrangement.

Senator McLUCAS—Can the department provide bulk-billing rates by postcode on notice to this committee?

Ms Blazow—We do not do Medicare statistics by postcode for confidentiality reasons. Again, it is quite difficult. The smaller the area the more problems you get with disclosing individual providers or individuals, so it has not been our normal practice to produce Medicare statistics by postcode.

Senator McLUCAS—That is not the question I am asking. Do you collect them by postcode?

Mr Davies—You get into an issue there of whether you mean the postcode of the provider or the postcode of the recipient.

Senator McLUCAS—Do you have both?

Ms Blazow—We have postcodes of providers. Sometimes it gets complicated because we have post office box addresses, both for providers and patients. The answer is that we do collect data by postcodes, but we certainly do not publish it in that format.

Senator McLUCAS—Generally, what would be the smallest number of GP attendances by postcode? Are we talking about 10,000? Or 1,000?

Ms Blazow—I do not know. I would have to take that on notice. I really do not know.

Senator McLUCAS—I do not want to ask you to put that on notice. I am just trying to get an understanding of it.

Ms Halton—I may need to be corrected on this, and I will come back to you if I am wrong, but conceivably it can be extremely small, particularly for some of the more remote communities where, for example, you might have an Aboriginal medical service where a lot of the health services are provided separately. It is conceivable you may only have one part-time doctor in a particular postcode, so in some areas of the country it can be very small.

Ms Blazow—And in that case there would be a privacy issue for that doctor.

Senator McLUCAS—How does the department work out the annual rate? Is it a totalling of the events, worked out on that rate?

Ms Blazow—Yes.

Senator McLUCAS—So the same boundaries apply as for the annual electorate non-referred GP attendances. The same boundaries that were previously used to describe that data would be used.

Ms Blazow—Previously used for what?

Senator McLUCAS—Reporting on electorate GP attendance information.

Ms Blazow—Yes. The same mapping will be used.

Senator McLUCAS—So we still have the map. We are just not going to use it.

Ms Blazow—We do not publish on a quarterly basis. We aggregate by year. We do it once.

Senator McLUCAS—Do we have any data on the number of bulk-billed attendances where a $5 incentive was not paid?

Ms Huxtable—I think we have that by a process of deduction, as we have the number of services where a $5 incentive was paid. However, remember that that was in respect of a quarter where the $5 was only available for a time.

Senator McLUCAS—That is correct.

Ms Huxtable—The quarterly publication—this book, which you probably have—provides the number of services for which an incentive was paid. Then, clearly, we have the number of services that were bulk-billed. So you can deduct one from the other to get a percentage.

Senator McLUCAS—These will come on notice, I dare say, but can you provide us with the total number of non-referred GP attendances for the March quarter of 2004?

Ms Huxtable—Yes.

Mr Learmonth—The total number is 23,113,000.

Senator McLUCAS—What page of the green book is that?

Ms Huxtable—That is page 37.

Senator McLUCAS—What is the total number of non-referred GP attendances for concession card holders and those under 16 in that same quarter?

Ms Huxtable—We do not have that figure. I think you referred earlier to the age data.

Senator McLUCAS—Yes. Do you have age data?

Ms Huxtable—I took that one on notice, I believe. In terms of the concession data, we do not collect data on concessional status at the point of service so we do not have that data available. That is my understanding.

Senator McLUCAS—So you collect data on the bulk-billed people who will get the incentive?

Ms Huxtable—As a matter of the incentive being paid, yes.

Senator McLUCAS—But you will not necessarily know on what basis that payment was made just that the increased payment was made. Is that what you are telling me?

Mr Davies—You are going to the issue of the breakdown of the $5 payment as between cardholders and children.

Senator McLUCAS—Yes.

Mr Davies—I do not know whether we have that.

Ms Huxtable—We can certainly say how many people were under 16 as part of that data, but there will be some of those who will be concessional and some of those who will not.

Mr Davies—So a 10-year-old in a card-holding family does not get two lots of $5 but could be classified either way.

Senator McLUCAS—So they could be double counted. Is it within the current information sets that you have to collect the data on concession card holders? I acknowledge the point that Mr Davies made that some children under 16 will be in a concession card holding family.

Mr Davies—I understand that, by knowledge of the claimant characteristics or the person for whom the service is being claimed, we could derive the number that were claimed for under 16-year-olds because their age is part of their Medicare registration. By subtraction we could then say that the rest were card holders. So what we would be saying is that anyone under 16 would by default be deemed to have claimed because they are under 16 whereas they may also be a card holder. So the numbers would be very difficult to interpret. They would not actually give us what you want to go to.

Senator McLUCAS—It is not a perfect answer because of that.

Mr Davies—It would overstate the under 16s and understate the card holders.

Senator McLUCAS—How would it overstate the under 16s?

Mr Davies—It would assume that anyone under 16 who was a member of a card holding family was getting this benefit because they are under 16 whereas you could equally argue that they were getting it because they were a member of a concessional family.

Senator McLUCAS—It is a question of which criteria you have first: your age or your card?

Mr Davies—Yes.

Senator McLUCAS—Could that be taken on notice? Could we get a separation, given that problem that Mr Davies has identified?

Ms Huxtable—We could do an age breakdown, but that is the only thing we could capture.

Senator McLUCAS—And then we will be able to do the rest by a process of elimination.

Ms Huxtable—Then there will be a process of deduction to get the remainder—but, as Mr Davies said, we will have concessional children in that group. Just to add to that, when this policy has been described in the past we have talked about concession card holders and non-concessional children. So it would not match with some of the discussions we have had before about the $5.

Senator McLUCAS—We are talking about a different set of criteria.

Ms Huxtable—It is a different cut through the data, effectively.

Senator McLUCAS—Yes, I understand that. Using that same data then, can we get an understanding of the number of non concession card holders and over 16s? Is it possible to use the data in that way?

Ms Huxtable—Do you mean those who are bulk-billed?

Senator McLUCAS—Yes, those who are bulk-billed.

Ms Huxtable—Only in respect of the $5 incentive payment. I think here we are talking about a data set where we are assuming that the $5 is claimed in respect of the concessional card holders and children and then obviously the rest of services that are bulk-billed are, we are assuming, are to non concession card holders and non children. We do not know whether or not there are instances where they are being provided and not claiming the $5. Using the March quarter, again, is a bit complicated because we have a month's worth of data when the $5 was not available—and probably a bit more than a month in the period where people were getting accustomed to the change. We can say from the data we have now that in the March quarter—and all those riders being taken into account—there were 6.3 million services which claimed the $5 item out of 15 million odd bulk-billed services.

Mr Davies—The point that Ms Huxtable makes is that no bulk-billed service during January would attract the incentive. So you have got a gross distortion.

Senator McLUCAS—I understand. We are talking about two out of three months.

Ms Huxtable—I would say about half probably.

Senator McLUCAS—Because the take-up was not immediate on that first day. You said that six million claimed the $5 incentive for the March quarter. Could you give us the exact figure?

Ms Huxtable—It is 6,313,936.

Senator McLUCAS—Out of 15 million?

Ms Huxtable—The figure that I need to use here would include the practice nurse attendances, because they are included in the numerator. So, including the practice nurse attendances, it is 16,115,000.

Senator McLUCAS—And that includes the practice nurse payments?

Ms Huxtable—That is right.

Senator McLUCAS—Is it possible to disaggregate that into unreferred GP attendances?

Ms Huxtable—I can give you the denominator, but I cannot give you the numerator. I do not have that figure.

Senator McLUCAS—Is it possible to get that for me on notice? The question is: is it possible?

Ms Huxtable—I would say it is possible. We can take it on notice.

Senator McLUCAS—Can I go to the question of eligibility for the $5 bulk-billing incentive. Can you give me an understanding of how that process occurs for a patient? Who tells the department that that money should be paid?

Ms L. Smith—It is claimed by the general practitioner.

Senator McLUCAS—I understand that some GPs are a little uncomfortable about this process. Is the department aware of that?

Ms L. Smith—Certainly, before the measure was rolled out, several GP organisations expressed some concern with the way in which GPs would claim this measure. However,

since the measure has been implemented, I have not received any specific complaints about the way in which that has occurred.

Senator McLUCAS—So the department pays on advice from the general practitioner that the person is able to—

Ms L. Smith—Yes, the general practitioner makes an additional claim, so there are particular guidelines around how they are able to do that. But whenever they bulk-bill a patient who meets either of those two criteria—that is, they are a concessional patient or they are under 16—the GP bulk-bills them. If they have made a decision to claim the additional payment, they do that through an additional claim into the Health Insurance Commission.

Senator McLUCAS—It is a separate claiming process?

Ms L. Smith—It is a separate item, so they claim that item in addition to the service that has been bulk-billed.

Senator McLUCAS—Does the doctor provide the HIC with evidence of the ability of that particular patient to be given the incentive payment?

Ms L. Smith—The doctor is required to satisfy themselves that the patients meet the eligibility criteria.

Senator McLUCAS—Then does the HIC do any auditing or analysis of eligibility?

Ms L. Smith—That is certainly part of the plan. In the early months, we are still in discussions with the Health Insurance Commission about the best way in which to go about monitoring this. But, to the extent that they are able, they certainly monitor whether GPs are making large claims. They are monitoring numbers et cetera at this stage.

Senator McLUCAS—Are you talking with the Divisions of General Practice about how that monitoring would occur?

Ms L. Smith—We have talked to the AMA about how the monitoring might continue. That was some months ago now.

Senator McLUCAS—When you say you are looking at patterns, what would you do if you saw that a particular practice—or is it practitioner?

Ms L. Smith—I will hand that question to the HIC.

Senator McLUCAS—Can you remind me, Mr Leeper—is it 'practice' or 'practitioner'?

Mr Leeper—Sorry?

Senator McLUCAS—In terms of the way people are claiming. It is practitioner, isn't it?

Mr Leeper—Yes.

Senator McLUCAS—If you saw a particular practitioner who was putting in what seemed, in a relative sense, to be a very high level of claims, what would you do?

Mr Leeper—In general terms, taking it separately from this particular measure, we have a number of data analysis activities that allow us to look at the claiming patterns of practitioners. Part of our standard compliance approach is to use that as one of a number of risk indicators. If a practitioner for a particular kind of service appears to be well out of the

range compared to their colleagues, that can be an indicator which would suggest that we might think about looking at the practising patterns of that practitioner. In relation to these items, our view is that it is far too early. It is not turn-of-the-moment data that you use to do this stuff; you actually need to establish a pattern. Our view is that it probably takes about six months before there is reliable information on which you could base some of that risk monitoring and risk management around the claiming.

Senator McLUCAS—But, even if you get the six months of data, eventually you will get to the point where there will be quite different patterns. It might be that the GP has a practice that is essentially child based—

Mr Leeper—Yes, that could be quite correct.

Senator McLUCAS—or is in an area of very low socioeconomic standing where there are lots of people with concession cards.

Mr Leeper—That is potentially also true.

Senator McLUCAS—What I am trying to get to is: what are you going to do to compare doctor A with doctor B—which I think is what you are saying you are going to do—and come to an understanding of the nature of the practice of that particular GP?

Mr Leeper—These are coincident items, if I can use that term, in the sense that, if a person is being bulk-billed and they or a member of their family meet one of the criteria for the $5 supplement, the doctor is entitled to claim it. I am not aware that we would normally look at the percentage of services bulk-billed as a targeting device. We are probably looking at overall servicing as one of our risk factors for whether a practitioner is operating outside the normal range of activity. We are working through with the department now some post payment monitoring and compliance processes. We have not finished developing those. We will also put emphasis on up-front education and making it our business to make sure that doctors are advised and reminded of the appropriate claiming circumstances for these payments—that is, the age of the child or otherwise the concessional status of the family.

We are also putting in place concession matching routines with Centrelink, for example. These will allow us to monitor after the events, at the back end of these arrangements, whether payments were being claimed for the supplement for families who are not concessionally entitled. That work is under way; it is not complete. The match rates are still coming up to a level at which we would be happy to start relying on them to begin conversations with doctors. So that is part of the strategy we are building up with the department at the moment.

Senator McLUCAS—Approval has to be given, doesn't it, for HIC data to be matched with Centrelink?

Mr Leeper—Those approvals have been given.

Senator McLUCAS—Can you explain to me how that concession matching process works?

Mr Leeper—I am not a technical person, but I will do my best. Centrelink maintains a data file which contains the names of those people who are entitled to concessions. We maintain a link. There is a data exchange between Centrelink and the HIC. Part of the administrative task

is to link in an enduring way the Centrelink registration number with the Health Insurance Commission identifier for that person or family and to build that link at the early stage. Centrelink will be collecting, where they do not have that information, data which will allow us to link the Centrelink registration number with the HIC information on the Medicare system. Then we can do regular updates and match customers in our system for whom a concessional claim has been made—that is, a $5 service, a $5 supplement, has been paid—and we can check that against the Centrelink records regularly.

Senator McLUCAS—So you start with the name of the individual and then you add on to that in Centrelink's computer their number and in HIC's computer their number. So the common factor is the name?

Mr Leeper—The common factor is the Centrelink reference number from the Centrelink side and the Health Insurance Commission's identifying number in our database from our side. What we have to do is link those two in a way that means we can go back and find the Centrelink number next time it comes in. I cannot describe it any more simply than that. It is a boffin's exercise. The difficulty is making sure that, in those situations where we do not have that link established between the Centrelink customer and their HIC record, Centrelink will seek to collect from those people their Medicare number so that we can establish that link. That is why our match rates are not high enough yet. That is one of the processes that we are working through.

Senator ALLISON—Does the HIC look just at the number of longer consultations that some doctors seek rebates for or does it look at the whole picture over a day or a week of that doctor's practice? What has been often said to me is that doctors are in fact worse off if their day is made up of long consultations rather than short consultations and that, in and of itself, a long consultation does not necessarily increase their income.

Mr Leeper—The way we approach our compliance targeting methodology is not to rely on single instances. We look for patterns over time. In identifying doctors where we consider there may be prima facie evidence of incorrect practising patterns, we look at a very long range of data and we look at a very large group of practitioners. What in effect our methodology does is identify outliers. So if a doctor is practising intensively over a significant period of time that would come to notice. If a doctor is practising in a way which stands out from the general practising patterns of their peer group, that is another way of suggesting to us that there might be something which needs to be looked at in terms of whether the patients are receiving appropriate professional attention or indeed whether or not there is some incorrect claiming of Medicare benefits.

Senator ALLISON—How do you factor into that the inverse relationship between income and the length of consultations in terms of encouraging doctors to spend more time with patients? There are some perverse incentives built into the scheme. Are you reviewing that? How important is that in assessing your monitoring arrangements?

Mr Davies—I think in fairness to my colleague, you are not talking now about the fraud and audit and service review aspect.

Senator ALLISON—I certainly am.

Mr Davies—In that case it is an HIC issue. I am sorry; I thought you were talking about the structure of the Medicare rebate scheme.

Mr Leeper—We have a thing called a NeuralNet, which is a way of conducting data analysis. One of the things it allows us to do is look at a significantly wide number of features or indicators of the kinds of incomes you might expect a doctor to make in relation to their Medicare claiming. We do not obviously know the picture in relation to the entire income. If you wish for a more detailed explanation of that I may have to get one of my colleagues to come and help. Essentially it is a predictive model that says that, for all the things we know about that practice and the area in which it operates—the demographics of the area, the services that the doctor undertakes—there is a predictive relationship driven around the kinds of income that we would expect the doctor would have claimed, the kinds of claim they would have made on Medicare. That NeuralNet approach does allow us to identify practitioners for whom we believe there may be a risk of incorrect claiming patterns or incorrect procedural arrangements. If you want more information I may have to ask for some assistance after this point.

Senator ALLISON—To what extent do you report on what you find? Is it possible to access your data in terms of the numbers of doctors who are required to repay and the circumstances around those without identifying individuals?

Mr Leeper—There would be some high-level information contained in our annual report. I certainly have no problems with us releasing information which indicates that we have detected a particular kind of inappropriate claiming, for example, because I believe that the deterrent effect is very important. We do from time to time publicise some of those cases. I would be reluctant to release information which went to a detailed level, only because it may reveal some of our targeting practices.

Senator ALLISON—Would we discover from that data whether, for instance, female doctors might be more inclined to conduct long consultations partly because of the patients they attract, and is that a factor that is taken into account?

Mr Leeper—I am happy to ask my colleague Dr Mould, who is the head of our Program Review Division, to make some contributions here. If it is clear to us that the way the practitioners practise is in part related to qualifications issues or the locality they work in, those things would be taken into account in the model.

Senator ALLISON—But the gender make-up of their patients would not be?

Mr Leeper—Yes, it would.

Dr Mould—My colleague is right. I will take one step back, because I think I know what it is you want, but perhaps I can explain that and you can then ask further questions. There are two basic systems by which you can look at any data. One is a rules based system where you can put in certain rules, like the number of long consultations billed, the percentage of female patients, the amount of diagnostic imaging testing ordered or the amount of pathology ordered. You can put in a system of rules and then look at all the data according to who stands out according to those rules. There is another system you can use, which is loosely called a neural net, as Mr Leeper says, which is a method of looking at the data with no presupposed ideas. The neural net 'learns' by going through the data many times, and at the end of that

process it says: 'These are the instances in this data'—it might be the providers—'which are different from everything else that we have looked at.' You are literally talking of millions of items. That data then has to be looked at by an expert in that particular area—in our case, it is provider billings—to say whether it is abnormal. In looking at that, you may turn up a female provider who sees predominantly female patients in a particular socioeconomic area, but you should not turn up people like that, because there are a number of people like that throughout the data. You do have patterns in the data of female providers with low socioeconomic status patients billing in a particular way, billing particular diagnostic imaging or billing particular pathology items. When you use a neural net system, those people should not generally come out as being anomalous, as we call it. Those are the two systems we basically use. If there is anything else I can clarify I would be happy to do so.

Senator ALLISON—The question I asked earlier related to how easy it is to understand from the data what is going on. Do you publish that a certain number of GPs had to repay the rebate because they had long consultations, they had too many consultations in a day or there were too many pathology tests? Is that data available?

Dr Mould—The data on recoveries for overpayments or inappropriate payments is contained, but it is in an aggregated format. It is just as a total. I understand there is other data available, but I would have to do this further, through what we call the professional services review process, where the providers are referred for review by their peer groups. That is not done by HIC. There are recoveries made under that system as well.

Senator ALLISON—On notice, without identifying individuals, could we have a schedule of the numbers that involved investigation for the reasons identified, the numbers for recovery, how much that was and so on?

Dr Mould—Absolutely. That would include data on recoveries we make through our routine audit process.

Senator ALLISON—I have a question about GPs who have qualifications in complementary therapies such as acupuncture and a whole range of other allied and complementary services. These are the ones who come to me by and large and say they feel that the HIC is unfair on them, given that long consultations and often higher levels of pathology are appropriate for the way they practise. Does the HIC's work look into different manners of practice that might accommodate that kind of arrangement?

Dr Mould—It certainly does, but at the end of the day the overriding principle is that Medicare pays for services which are considered to be clinically relevant and medically necessary.

Senator ALLISON—But how do you judge clinical relevance when you have GPs who might be practising in quite different ways?

Dr Mould—HIC does not make judgments on clinical relevance or what is medically necessary. Those judgments are, quite appropriately, done through the professional services review process by the doctor's peers. That is a different process to that done by HIC. HIC will simply say, 'Your pathology ordering does not look to be in tune with that of your peer group.' But it is not up to us to make that judgment. It is simply up to us to say that to the provider to give them the opportunity to review it in consultation with their advisers and to reconsider

how they are doing their billing. However, if we still have concerns about the particular ordering of certain pathology tests which may not appear to be in accord with the pathology ordering of their peers, then we would refer that particular provider to the professional services review process.

Senator ALLISON—Where does the recovery of moneys fit into that procedure?

Dr Mould—Recovery of money is separate to the PSR process.

Senator ALLISON—I understand that, but how does it happen? At what point do you take steps to recover the moneys?

Dr Mould—If we believe a provider is inappropriately billing a Medicare item—it may be a procedural item—we give the provider the opportunity to review their billing of that item.

Senator ALLISON—You have said that.

Dr Mould—We would say to them: 'It's on the advice of the Department of Health and Ageing'—who structure the item in accordance with and in consultation with the profession—'that our understanding of the item is this. Here is the information. Would you review your billing of this item? Where you believe that you may have billed this item inappropriately, we will seek to recover those moneys.'

Senator ALLISON—So you ask them to do the review; they do the review and then you take the money back anyway. Is that it?

Dr Mould—By agreement with the provider, if the provider agrees with our assessment.

Senator ALLISON—And if not?

Dr Mould—If not, we do have the capacity to say, 'We still believe that you're billing it inappropriately.' That can then be referred to the professional services review process.

Senator ALLISON—At the end of that process is it the PSR that determines whether the money should be recovered?

Dr Mould—The PSR is a committee of peers established by the director of the professional services review. They have the capacity to decide whether the billing is appropriate or inappropriate.

Senator ALLISON—Is there any appeal process?

Dr Mould—This is now not my area. I will hand over at this point to department of health to advise further on the processes beyond the director of PSR.

Mr Leeper—Perhaps I can just paraphrase what my colleague has said. HIC's responsibility is to do everything we can to ensure that the prescribing patterns and habits of doctors and pharmacists are consistent with the various acts of the Commonwealth. It is our responsibility to deliver that. In situations where we believe that a provider may be billing inappropriately we open up a dialogue with them. There is no assumption of guilt on our part. We go and have a conversation and say, 'We have some data which suggests the following.' We provide the practitioner with the opportunity to give us any feedback they wish to on our data and our interpretation of that data. Our experience has been that, in the course of the

conversation, many providers acknowledge that their billing does appear to be inappropriate and a reasonably quick agreement is reached on recovery of money from the provider.

As Dr Mould has said, in situations where the provider does not accept that there has been any inappropriate practice, we are then obliged to consider whether or not we think the matter ought to be referred to the professional services review. Those are processes we work through, judged by our experience and our view about the severity of the case. In the event that the process is not settled to agreement through the professional services review activity, it then goes into more formal channels. But at any point along the way, where either the practitioner agrees or acknowledges that there may have been some inappropriate billing or a determination is made which records that there has been inappropriate billing, we will seek to recover.

Senator ALLISON—When do you press fraud charges? When do you refer it on?

Mr Leeper—Fraud is different.

Dr Mould—We would not attempt to recover if we suspected fraud. Fraud is dealt with by our investigations business unit. We would not convey to a provider that we suspected them of fraud.

Mr Leeper—Can I give you an example? If, through our monitoring, we became aware that a particular practitioner was billing well out of the average for a particular item and if we could confirm that those services were in fact undertaken on behalf of a patient, then it is more likely to be inappropriate billing. If, in the course of those investigations, we determine that those services were not, in fact, delivered to or on behalf of a patient, then the practitioner clearly is making fraudulent claims.

Senator ALLISON—If it is not fraudulent why is it inappropriate, typically?

Dr Mould—As Geoff has said, fraud is where we can establish that the service has not been delivered, that the service has not occurred.

Senator ALLISON—I see. So overservicing is not fraud.

Dr Mould—Overservicing is not fraud.

Ms Blazow—It is inappropriate practice.

Ms Halton—This is a difficult distinction from those other than the completely entre nous. Essentially it is a distinction between the judgment you form about professional practice and whether it is appropriate, which is where the PSR and everyone else come in, because they are making judgments about professional practice, as against where somebody claims something they did not deliver and it is clearly, unambiguously, a fraud.

Senator ALLISON—It will be very interesting to see the data on this. Can that be made available, and the number of cases that are referred as fraud to the DPP?

Dr Mould—We will give you all the data we have, and we are happy to answer further questions.

Ms Blazow—Just to answer your question about the professional services review and rights of appeal, there is a very well-documented process which does involve natural justice for the practitioner at all stages in terms of their opportunity to respond. There are draft

determinations made, they have an opportunity to respond, and then ultimately they can also take it to the court for appeal.

Senator ALLISON—When you determine that moneys will be recovered, how do you strike the right figure for recovery? Do you say, 'We'll take away 50 per cent of all of those extra-long consultations'? Is it done by negotiation or do you simply remove every rebate?

Dr Mould—We invite the provider to do a self-audit and to review their billing from their records.

Senator ALLISON—Do you give them some guidelines? Do you say, 'We are not going to pay you for all of those long consultations'? Is that how it goes?

Mr Leeper—The payments would have been made but—

Dr Mould—We would say to them, 'This is the definition of a long consultation'—

Senator ALLISON—'And this is typically how many you have in a week'?

Dr Mould—No. We would say: 'This is the definition of a long consultation. We believe some of these may not have been billed in accordance with the definition.'

Senator ALLISON—In other words, they were not long consultations?

Dr Mould—Or they were not sufficiently complex to meet the descriptor—that is the correct term. And, because they are the people with access to their clinical notes—we do not access their clinical notes—we would invite them to review their clinical notes in relation to those particular claims and to satisfy themselves that they have claimed appropriately.

Senator McLUCAS—I have one last question on that $5 bulk-billing incentive. Has the HIC to this point in time, recognising it has not been going very long, had to investigate any of those claims for the incentive?

Mr Leeper—I am not aware that we have done any work of the nature we have just been discussing here around this $5 item. As I said in my answer a little while ago, we do not believe there is enough of a length of time around these claiming patterns for us to start to bring some of these tools that Dr Mould has talked about to bear on the analysis.

Senator McLUCAS—It has been reported that the department has agreed to conduct some modelling to see if the $5 rebate for all levels of GP consultations will encourage shorter consultations—I think this is something of the issue that Senator Allison is talking about. Is that correct?

Ms L. Smith—I think that was taken out of context. I saw a similar report. The Attendance Item Review Working Group wanted the department to look at that issue but I do not believe that we committed to do so. I certainly did not. I think there is not enough data yet to be able to look at that particular issue.

Ms Halton—Can you tell us where it was reported to make sure we are using the same source?

Senator McLUCAS—It was in *Australian Doctor*. Is that the same article you are talking about?

Ms L. Smith—Yes, that is the same one.

Senator McLUCAS—So basically the department is not undertaking modelling.

Ms L. Smith—Not at the moment, no.

Senator McLUCAS—Is there something we can get information on to look at patterns of adoption of different item numbers? Do we collect data by short consultation, average consultation and then the two long consultations?

Ms Blazow—Yes, we do collect data of that type and, yes, we could provide time series over time of what is happening with the usage of items.

Senator McLUCAS—Can I ask for the time period for, let us say, percentage of total unreferred attendances by item number by quarter. That would be useful. We are only in the second quarter but it is trends that I think would be interesting to people.

Ms Halton—Can we be clear: you are asking for long and short—

Senator McLUCAS—A percentage of the total number of unreferred attendances by item number for quarters back to, let us say, the beginning of this financial year.

Ms L. Smith—I think a lot of that data is already published but we can pull it together for you.

Ms Halton—Yes, we publish it.

Senator McLUCAS—Thank you, that would be good. Can I go to the question of doctor income. How does the department expect doctor income to change as a result of the introduction of both the $5 and the $7.50 incentives?

Mr Davies—As you may recall from the Senate committee discussions, we did some estimates of the increase in income for a GP who accessed all of the available incentives and other payments, and I think that varied from urban to rural. Off the top of my head, I think it was between $15,000 and $39,000 of additional income. On the broader issue of doctor incomes, doctors do not just receive money for MBS services and any associated patient charges. There are other income streams that doctors access that are invisible to us.

Senator McLUCAS—The department did predict that there would be an increase of around $15,500 for an urban GP.

Mr Davies—There was a potential increase specifically attributable to these measures.

Ms L. Smith—That was to the $5 measure, and for the $7.50 measure it was about $25,000.

Senator McLUCAS—Was that urban?

Ms L. Smith—That is for the $7.50—the rural.

Mr Davies—That is the overall average figure because obviously the $7.50 does not change the figures for the urban practices.

Ms L. Smith—That is right.

Senator McLUCAS—Have you done any analysis of doctor incomes as a result of the introduction of these measures to this point?

Ms L. Smith—Not to my knowledge.

Senator McLUCAS—Are you aware of a poll that was undertaken by the *Medical Observer* that says that few doctors expect to earn an additional $15,500?

Ms L. Smith—I have seen a mixture of stories around what it will add or not add to GP incomes.

Senator McLUCAS—When will the data be available to give some truth to what is, in fact, occurring with doctor incomes?

Ms L. Smith—We have broad data at the moment that indicates a number of practitioners are benefiting in terms of payments that are going out to general practitioners. We could do a bit more work around breaking that down to practitioners.

Ms Halton—Senator, essentially the estimate that was used was based on expectations about take-up. As we have indicated, we are now in a period where we have had commencement of the measure and I think it is fair to say we have not got what I would describe as a steady state yet. I think to do an actual effect, which is what I think you are asking about—

Senator McLUCAS—It is trends that I am looking for. If GPs are telling us one thing and the data is there, we could actually extrapolate March, April, and May pretty quickly, I would imagine.

Mr Davies—If I could come in with some data. As of 23 May, we have actually paid $65.4 million in terms of $5 payments, and I guess there may be a handful of $7.50 payments in there as well—$65.4 million to about 19,900 practitioners. My rough maths is that that is just over $3,000 in just over three months, so that is tracking at about $1,000 a month.

Senator McLUCAS—And when you say 'practitioners', does that include GPs and some other providers and some specialists in that figure?

Ms L. Smith—That is general practitioners.

Senator McLUCAS—They are general practitioners.

Mr Davies—It would not be specialists because they are not eligible. So that is just tracking over $1,000 a month before we put in the $7.50, allowing for the start-up effect, and it does not include any of the other items that were included in that initial overall average figure.

Ms L. Smith—It does not include the practice nurse items.

Mr Davies—It does suggest that it is tracking to around that figure.

Senator McLUCAS—Just look at that global figure. Could you provide on notice the global figure of $5 payments for February. Given the point that you have made, Ms Smith, about how take-up is probably slower in February, March, April and May, that would indicate in a very global sense what the increase in doctor income might be.

Mr Davies—But I would, again, remind you that the figures we quoted to the committee were not just for the $5 payments, they were for the other incentives that were available as well, so that should not be regarded as the target just for the estimate for the $5 payments alone.

Senator McLUCAS—Is it the $5 and the $7.50?

Mr Davies—And all of the other items in the Strengthening Medicare initiatives—additional payments to procedural GPs and so on.

Ms L. Smith—Some non-vocation registered GPs are now getting additional payments—or their patients are.

Senator McLUCAS—Can it be separated out?

Mr Davies—Some of those have not started payment yet.

Ms L. Smith—That is right but for the ones that have started we can certainly—

Ms Halton—I think the point is this: we can give you exactly what you asked for, which is how much has been paid out under the $5 payment in each of those months. I think the point that Mr Davies is rightly making is that, when people talked about an estimate previously, it was a bulked-up estimate taking account of all of those factors. So one would not want to look at the figure for May, for example, divide by the number of doctors you first thought of, come up with a lower figure than the figure that was arrived at and say 'Aha!', because essentially that is an apples and oranges comparison. But to get you an indication of what is being earned under the $5 incentive, giving you the aggregate then dividing by the number of practitioners is a fair way to go. It is just that you would not want to compare it to that figure; I think that is the point that is being made.

Mr Davies—Maybe the more relevant benchmark would be the element of that $15,500 and subsequently $20,000 that was attributable to the $5 and $7.50 payments. That is the figure you want us to be tracking towards, isn't it?

Senator McLUCAS—In your early modelling, yes.

Mr Davies—So maybe that is the context in which we should present it.

Ms Halton—We will give you something on notice.

Senator McLUCAS—If you could deconstruct the $15,500 into what was $5 payments and what else was going to add up to that total increase in doctor income and then we can go back to what is actually happening with the $5 payment.

Ms Halton—We will give you what we can.

Senator McLUCAS—My next question goes to the question of RRMAs and areas of concern. A publication called 'Update March 2004 Medicare Plus'—back to the old name—talks about how areas of consideration will be established to deal with situations where SLA's have resulted in areas that would otherwise be considered rural and/or remote being classified as larger rural centres. Can you give me an update on where the areas of consideration are.

Mr Learmonth—That measure is due to take effect on 1 July and the policy that is going to underpin that is still under development. So the actual areas that it will apply to have not yet been formally identified.

Senator McLUCAS—How do you identify an area of concern? Is it the number of complaints you have had from me over the last 18 months about this matter?

Ms Halton—We are very conscious of that, Senator!

Mr Learmonth—We are looking for a little science in this. We are looking at a variety of ways of constructing them and those options have not yet been put to the minister. I think the heart of the problem, consistent with representations you and others have made, occurs where there is an apparent anomaly because within a large SLA which is fundamentally rural in nature there is a small piece of some urban or major regional centre which essentially skews the whole SLA into a RRMA classification that arguably is less relevant for the bulk of it. So we are looking at some options that provide a reasonable and objective way to identify which ones they are.

Senator McLUCAS—There is less than a month until the program is to be implemented. I think you are telling me that you do not have the principles by which you are going to identify the areas that need attention.

Mr Learmonth—We do, and we have developed some options. But we are yet to have the policy approved, so I cannot tell you what they might be. The policy has not been formally determined by the minister nor, therefore, the areas which might be affected. Clearly we expect to do so in time, before 1 July.

Senator McLUCAS—Can people nominate areas to be included?

Mr Learmonth—It would be fair to say that we have had for some time, as you know, representations. They are not directly factoring into the options that we are constructing. We are looking more at the physical, geographical characteristics of the SLA and looking for a set of principles or a construct that would be a reasonably consistent and appropriate way to isolate areas of consideration.

Ms Halton—Can I make an addition to that. I think we should acknowledge that a number of people have raised, exactly as Mr Learmonth says, problems with this classification. To say that a number of representations will be taken into account, the answer is no. I think it is fair to say that the issues that have been raised about what is wrong with that system, which then go to the advice going to the minister for him then to make a decision, have all gone into the mix. So it is not a numerical, loudest voice type issue. Those issues that have been put with some enthusiasm in the past about those areas—I am not being corrected by my colleagues—where we have been told what the problem is have been taken into account.

Mr Learmonth—I think it is correct. As I was saying before, most representations are of the nature of saying, 'In SLA X, we are largely rural in characteristics but there is a little corner of this town that appears in the bottom of the map, and that is throwing the classification.' That is generally the nature of the representations and that is indeed the construct that we are looking at to develop a set of principles as to how to apply these areas. So there is a very direct parallel between the nature of the problem as put to us and how we respond to it.

Senator McLUCAS—That is the Kenilworth-Maleny problem essentially. I think the Nimbin problem could be described that way too. Once the process has been identified, will you make public the principles by which areas can change their classification?

Mr Learmonth—That would be our intention.

Senator McLUCAS—So you will give us not only the names of Nimbin, Kenilworth and the Tamar Valley but also the principles by which they change?

Mr Learmonth—That would be our intention.

Senator McLUCAS—I think that is very important so that there is transparency. It also provides other communities with the opportunity to assess whether they have similar problems. I ask on notice that, as soon as they are available, they are made available to the committee so that we can have a look at them, given that it has been an issue for this committee for a long time.

Mr Learmonth—I would imagine that we would make them available immediately on the web site, for example, as well as notifying the relevant areas.

Ms Halton—Whilst in this particular case there is the question on notice process, of which we have discussed some of the delays, I think it would be perfectly reasonable for us to alert you when that information is put in the public domain.

Senator McLUCAS—All I would like is advice to the secretariat that it is out there.

Ms Halton—Yes. I see no reason why we cannot tell you as soon as that material is in the public domain where it is and how to access it.

Senator McLUCAS—How are we going to describe these 'areas of consideration'? I do not think we can call them that. They do not fit into RRMAs 3 to 7 technically.

Ms Halton—I think that is how we are going to describe them. It is better than 'bits of concern'.

Senator McLUCAS—Will they then be eligible for the $7.50 rebate?

Mr Learmonth—They will be eligible for two programs: the Rural Other Medical Practitioners Program and the Rural Locum Relief Program.

Senator McLUCAS—Is that all they will be eligible for once they are identified?

Mr Learmonth—That is as was announced, yes—the $5 and $7.50 in just RRMAs 1 and 2, versus 3 to 7 in Tasmania.

Senator McLUCAS—It is reported in the *Townsville Bulletin* that the use of outdated figures by the Department of Health and Ageing means that Cairns is eligible for the new bulk-billing incentive and Townsville and Thuringowa miss out. Is that correct?

Mr Learmonth—I confess I have not seen that report.

Senator McLUCAS—You do not read the *Townsville Bulletin*!

Mr Learmonth—Alas.

Senator McLUCAS—Essentially, the allegation is the department's use of outdated figures. I am just trying to ascertain what they might be referring to.

Senator Ian Campbell—A copy of the article might help, even if it is a photocopy.

Ms Halton—At a guess, I believe that is a reference to the RRMA classification.

Senator McLUCAS—Yes, it is.

Mr Learmonth—Which was based on 1991 census figures.

Senator McLUCAS—So it is actually correct that they are outdated?

Mr Learmonth—It is correct that the RRMA classification is based on the 1991 census figure. I could not comment on the report without seeing it. I do not know offhand what Townsville's situation is, I am sorry.

Mr Davies—But it is a 1991 census throughout the country so Cairns is not using data that is any older or newer than anywhere else in the country.

Senator McLUCAS—That went through my mind as well. But if it is 1991 data there may be changes in population.

Mr Davies—I think we discussed that at this committee before.

Senator McLUCAS—Yes. I understand that Senator Murphy received a letter from the minister dated 10 March which says he had instructed his department to immediately reclassify those parts of the West Tamar which are not part of the Launceston local government as RRMA 5. So there has been a reclassification outside of the process that you are describing.

Mr Learmonth—I would perhaps describe it as the first one of that process.

Senator McLUCAS—I thought I asked before whether any had been changed—and, yes, there was one changed. Is that all?

Mr Learmonth—The program formally will start on 1 July in a systemic fashion. I would probably categorise that one as the first one.

Senator McLUCAS—Is it the only one?

Mr Learmonth—So far, yes.

Senator McLUCAS—I have some questions on registration for the safety net.

Mr Davies—While we are changing witnesses, could I take you back to the discussion we were having about additional income from the bulk-billing incentives versus the overall package. I was probably talking slightly at cross-purposes, so if I could just clarify.

Senator McLUCAS—Yes, please.

Mr Davies—The estimated maximum additional income from the package as a whole for RRMA 1 is $35,051 per GP, for RRMA 2 it is $43,056 per GP and for RRMAs 3 to 7 it is $46,190 per GP. The element of that which is attributable to the bulk-billing incentive is: RRMA 1, $17,780; RRMA 2, $15,785; and RRMAs 3 to 7 averaged, $20,055. I understand that if you weight for the mix of practices, the overall average figure for the bulk-billing incentive is the $15,000 figure.

Senator McLUCAS—That is the methodology that came in your submission to the Medicare inquiry?

Mr Davies—Correct, although those figures are updated to reflect the $7.50, which obviously was not included in the table we presented to the inquiry.

Senator McLUCAS—Where would I go to find the numbers of doctors practising in each of those RRMAs?

Mr Davies—You would ask one of my colleagues. It is actually more the number of services you want—no, I am sorry, it is the number of doctors in this case.

Senator McLUCAS—I am trying to ascertain doctor income.

Mr Davies—It is full-time equivalent doctors.

Senator McLUCAS—Yes.

Mr Davies—RRMAs 1 and 2 together are roughly two-thirds—

Senator McLUCAS—Two-thirds of all FTE doctors?

Mr Davies—Full-time equivalent doctors, yes—and RRMAs 3 to 7 account for about one-third.

Senator McLUCAS—If we need specific information we will come back to you on that.

Mr Davies—We have those figures. I am not sure whether it was the $30,000 to $40,000 figure that the doctors said they would not achieve or the $15,000 to $20,000. That is probably where we went down divergent paths when we were discussing it.

Senator McLUCAS—The doctors were actually suggesting that few expected to earn an additional $15,500.

Mr Davies—Implying from the $5.

Senator McLUCAS—Just some questions about the safety net. How many families are eligible for the safety net?

Ms Huxtable—The number of families estimated in Australia in the latest census was 5.2 million families.

Senator McLUCAS—Were eligible? How many are currently registered?

Ms Huxtable—Around 2.2 million.

Senator McLUCAS—That number of people who are registered may or may not, over time, become eligible.

Ms Huxtable—May or may not reach the safety net threshold.

Senator McLUCAS—That is correct. That is the point I am making. So 2.2 million people have registered.

Ms Halton—Families.

Mr Leeper—Individuals do not need to register.

Senator McLUCAS—What impact is the registration having on the operations of Medicare offices?

Mr Leeper—They are very busy. On each occasion that a customer comes to a Medicare officer counter, we put in place a small systems change where the system will tell our customer service officer if the person in front of them is part of a group of names on a Medicare card and that group of names or that person with that group of names is not

registered for the safety net, a message comes up on the screen that says, 'This is not a registered family.' Then our staff member initiates a conversation. We have done some other streamlining to speed that process up. At the moment we are registering between 13,000 and 16,000 families per working day, and we registered 330,000 families in the month of May for the safety net.

Senator McLUCAS—Are you happy with that level of registration at this point?

Mr Leeper—We are gearing up to be able to respond. We expect there will be a significant increase in both Medicare office traffic and also in mailed-in registration forms, which is part of the booklet that has been discussed this morning. We are staffing up and preparing our people for a very serious amount of work in the next couple of months, and if the work does not come in to the extent that we are ready for it we will go and chase it somehow. Basically we are going to get as many families registered as we can.

Senator McLUCAS—How many extra staff have been placed in Medicare offices in order to deal with the increased workload?

Mr Leeper—In the Medicare offices themselves, in excess of 200 staff have been recruited—some temporarily, some on contract, some permanents. This is a peak of work—

Senator McLUCAS—Could you give me the split of those please, Mr Leeper, and you might be able to do that on notice.

Mr Leeper—I will have to do it on notice. Some of this work is ongoing. It is not just the registration effort. Whereas in the past maybe 30,000 families—from memory—or 30,000 individuals and families would reach the safety net and trigger the additional benefits under the existing safety net arrangements. With the new safety net that is more like half a million, and those individuals and families will be doing slightly more complex claiming processing as well in our offices. So there is an ongoing level of work which we have been able to staff up to, and we are also now staffing significantly to manage the peak of registration activity. It is putting pressure on our outlets, though.

Senator McLUCAS—Have you had an increased level of complaint about service levels?

Mr Leeper—There are some concerns. In the last week the observed waiting time in a Medicare office was between 2½ and four minutes, on average. There are, however, cases—probably about 10 offices per day—where the waiting times can exceed the 10 minutes which we seek to achieve under our charter of care. We are keeping a very close eye on that. That sort of stuff is under daily attention, basically.

Senator McLUCAS—At what point will you have to employ more people?

Mr Leeper—We will get to a point—we may even get there fairly shortly—where we are physically constrained by the number of counters in the office. Some of our branches in Victoria will have people who actually work the queue, as it were: they will take forms off people who can then leave the queue and the office without having to go further. People will be able to drop their safety net registration forms into boxes in the office, if they wish to, if they have no other business to do. But you will see that the booklet allows them also to mail their registration form back free of charge to our processing centres in the state capital cities.

Senator McLUCAS—What proportion of registrations are occurring at Medicare offices as opposed to through the mail or whatever?

Mr Leeper—At the moment the majority of registrations are coming through Medicare offices because, while this campaign picks up—

Senator McLUCAS—That is the point of contact.

Mr Leeper—we are, in effect, triggering the conversation. We are really riding off the fact that the people are there to make Medicare claims. We expect that about a quarter of registrations will come through Medicare offices; we are hoping that the majority will come through the post. It is also possible to register on the Internet on our web site; there is a direct link to a form that you can fill out, it emails back and we take care of it from there.

Senator MOORE—Can a person register with the work being done by the person they are talking to across the counter, or does it all have to go to the processing centre?

Mr Leeper—No; if you are in a Medicare office, the registration can be done on the spot.

Senator MOORE—So you can walk in unregistered and walk out registered?

Mr Leeper—Yes. If they are in a Medicare office, they do not need to fill out a form. The system changes I told you about mean that we can generate a form they can sign out of our little receipt printer. It happens very quickly—about three minutes, from memory.

Senator MOORE—You have timed it?

Mr Leeper—Not personally, but it happens quickly.

Senator McLUCAS—What happens to families who miss out on their safety net benefits because they are not registered?

Mr Leeper—The legislation is quite clear: we are unable to pay benefits under the safety net if a family is unregistered. If a family passed the threshold before the date of their registration, we cannot backdate the claims. That is why it is important that families register.

Senator McLUCAS—Do you have any notion of how many people have hit the threshold levels but are not registered?

Mr Leeper—As at the middle of May, we estimate that 2,090 families were unable to take full advantage of the safety net threshold; the average benefit they missed was $141. Those numbers will grow if families do not register and continue to push through the thresholds. But at the moment it is about 2,100 families.

Senator McLUCAS—It is 2100 families who have—

Mr Leeper—Families who have gone through the threshold and, in respect of claims we have been able to process because they have not registered, the average benefit missed is $141.

Senator MOORE—And all those families are now registered?

Mr Leeper—I should hope so.

Proceedings suspended from 1.03 p.m. to 2.12 p.m.

CHAIR—I call the meeting to order. Before we commence, I would like to formally advise the secretary that we have checked as best as possible with everyone regarding the NHMRC. Senator Harradine was the only other one who had questions and, under the circumstances, is quite happy to put them on notice. So we wish all be officers from NHMRC well in clearing up what must be a frightful mess.

Ms Halton—I formally thank the committee for its understanding. I think we have all agreed amongst ourselves that burning down a building to avoid Senate estimates is possibly a little extreme!

CHAIR—It is nonetheless novel; we just hope it does not create a precedent.

Ms Halton—There was a suggestion that someone was going to bomb the Alexander Building next time round—we will be resisting that. I am very grateful and I thank you.

CHAIR—We will now continue with outcome 2.

Senator McLUCAS—I want to continue on the question around the safety net. I think I was advised that 2,090 families have missed out on being eligible for safety net benefits. Is that the correct figure to this point in time?

Mr Davies—You say 'missed out'—they have reached the threshold prior to having registered.

Senator McLUCAS—The average they have missed out on is $141. What number do you expect by the time that pretty well everyone who is on the safety net will be in the same category? I know that is like asking: how long is a piece of string?

Mr Davies—It is, because the nature of the safety net is that costs accumulate from the beginning of the year. So clearly more people will cross the relevant threshold the later in the year you go. It is probably not even linear. Obviously one of the reasons the current campaign is running is to get more people signed up as early in the year as possible. So it is very difficult to give a projection. I do not believe we have even attempted to model it.

Senator McLUCAS—I can understand that. In what realm is the total amount of money that the community will miss out on?

Mr Davies—Two times 140,000 is 280,000, so it is less than $300,000.

Senator McLUCAS—That could go up a little bit but probably not terribly much.

Mr Davies—I would not think it would be dramatic.

Senator McLUCAS—Has the department considered the alternative, which is to remove that retrospectivity question out of the legislation, given that we are talking about half a million totally that community members are missing out on? We are spending $15 million telling people to get on to the safety net. Wouldn't it be better to simply say: 'Everyone is eligible. You don't have to register.' We do not then have to spend $15 million advertising to people to register for the safety net and we do not have to spend the money administering the safety net, but as soon as they click over into the eligible amount they simply get paid.

Ms Halton—Firstly, it is in the legislation, so it is not a matter for the department to decide about policy. In terms of alternative arrangements, essentially we need people to actually notify us about their family circumstances. They actually have to tell us because we and the

Health Insurance Commission cannot—and I can be corrected down the table if I am incorrect here—hypothecate family structure, even from what is on a card. If I take my personal circumstances, predictably I have got the children on mine and my husband has got his own. So they would get me wrong. They may well get several people on this table wrong. We actually do need people to notify us what their family structure is, which by definition means registering, essentially. So to get everyone to understand that they need to tell us what their family structure is we have to have a process.

Mr Leeper—In fact with the existing safety nets, or the existing schedule fee based safety net and now the new safety net thresholds, we do need to confirm the family composition as the family gets close to the threshold. Under the prevailing safety net until this year, we would write out to a registered family when they reached 93.5 per cent of the safety net threshold and ask them to confirm their family composition, because the grouping on the Medicare card is not necessarily the family grouping for claiming purposes. With the $300 and $700 thresholds, our intention initially is to set that notification trigger at 50 per cent. So when a concessional family gets to $150 out of pocket, if they are registered with us, we will write to them and ask them to confirm their family composition, because it may only take one procedure for them to get through to the complete threshold. But in either case we do need to have the family confirm the composition of the family for safety net purposes.

Senator McLUCAS—You could keep doing that using the current system, though, couldn't you, without registration, and then just have a confirmation when you are getting to a certain point in reaching the threshold?

Ms Halton—I think you run a much greater risk that you actually will have people miss the cut-off point.

Senator McLUCAS—But if in the legislation the retrospectivity was removed then that could be all sorted out without going to the administrative question of getting Australia to register for a safety net and then also have these people miss out.

Mr Leeper—You still need to register.

Mr Davies—As Mr Leeper said, the safety net that has existed throughout the life of Medicare has relied, for its operation, on families identifying their composition. So registration is not a function of the new Medicare safety net. It just becomes more prominent because more people will avail themselves of that safety net.

Ms Halton—Let us take an extreme circumstance. If you had a family of five or six people where conceivably there is an individual card for every one of those—and that is completely conceivable—and if we do not actually know that those however many people are a family, even if the Health Insurance Commission were to notify each of those individuals if and when they got halfway through, there is a real prospect that some people in this family would not know that they have actually passed the safety net and should have registered. Put the hypothetical legislation change to one side. There is a real danger that, given that Medicare cards are basically a function of what you ask for when you ask for it and they have nothing to do with reflecting family composition, you would have a lot of people missing out on entitlements.

Mr Leeper—I certainly could not advise that people rely on the listing of names on a Medicare card as representing the family for notification purposes of nearing a threshold. The legislation requires that families register but from an administrative process point of view it is also the reason why they register, so we have at least a very good indication that up until some recent point in time that is the family grouping and that can be used as a targeting device for when that family grouping approaches the threshold. Confirmation is really just making sure that we are not missing out. Were you to use the listing of names associated with a single Medicare card number, it would be much more imprecise from a targeting point of view.

Senator McLUCAS—I understand the point you are making.

Senator MOORE—Is part of your decision based on the response you have had so far to the current system? Do the letters you send out now when people hit the 93.5 per cent mark provide feedback? Do you get responses from families indicating that the family structures are not accurately registered?

Mr Leeper—I do not have data on that. The way the safety net, that has existed since Medicare started, is constructed 93.5 per cent is not that far away but it takes a while to get through because it is based around the schedule fee. This is a potentially different situation, with out-of-pocket and threshold for concessional families at least somewhat lower. I am not aware of any information that we have that tells us what level of churn—

Senator MOORE—It was not one of the indicators of your decision?

Mr Leeper—No, we do not have any information on that.

Senator McLUCAS—I want to go to specialist billing practices. Has the department received any complaints or evidence that specialists are altering their charging practice because of the existence of the safety net?

Ms Blazow—I am not aware of any complaints. I am aware of some anecdotes only.

Senator McLUCAS—They are to do with obstetrics mainly?

Ms Blazow—I am aware of anecdotes in the obstetric area, yes.

Senator McLUCAS—Are you aware of any in any other areas?

Ms Blazow—No.

Senator McLUCAS—What action is the department taking with respect to—

Ms Blazow—We do not have any evidence of anything at the moment. There is nothing that is formal that has come to us. If we received a formal complaint, then we could follow that up. If we received any evidence, then we could follow that up. But at the moment there is nothing of that nature.

Senator McLUCAS—It is suggested that obstetricians are moving costs to the consultation as opposed to the actual delivery of a baby so that the costs of consultation and, therefore, reaching the threshold are much higher and the delivery is a much cheaper part of the whole item number. Are the pregnancy and birth of a child one item number? I have been advised that they are.

Ms Blazow—I have not got the book here.

Ms Halton—I think there is an initial consultation and then there is everything else rolled up afterwards. My memory is going back a few years.

Ms Huxtable—I have been advised that there are several items and the delivery is an item.

Senator McLUCAS—The delivery is a separate item?

Ms Huxtable—There is a consultation item.

Ms Blazow—Yes.

Senator McLUCAS—And you have only heard about this as anecdotes?

Ms Blazow—Yes.

Senator McLUCAS—There have been changes in the budget which expand the eligibility for the family tax benefit A.

Senator ALLISON—Before we get off that subject, I would like to ask some further questions about obstetricians and others who might take advantage of what has been described by some as a loophole. In light of this suggestion has there been any assessment of the extra cost of those people reaching the safety net sooner than might have been anticipated? What sort of work has been done on which specialists might take advantage of this opportunity and what the costs might be?

Ms Huxtable—I think the first point to make is that it is very early days in the operation of the safety net; it has only been operating for around two months using automated systems. It is really too early to look at any evidence around that.

Senator ALLISON—I was not asking whether you looked at evidence of claims but rather whether you were anticipating in what areas this might mean there will be additional costs of the Commonwealth.

Ms Huxtable—What we do know is what has been expended under the safety net to date, and that is not out of kilter with our estimates of what would be spent by this stage. Similarly, the number of families benefiting from the safety net is in line with our estimates.

Senator ALLISON—So you have not looked at the possible scenarios if a number of doctors who might be able to transfer costs onto a consultation that might otherwise have been for an in-hospital procedure? You have not looked at the opportunities that there might be—for which procedures and which doctors this might be a pattern that could be used in that way? You have done none of that work?

Ms Huxtable—No, not yet.

Senator ALLISON—Minister Abbott said publicly a week or so ago that the government would not take action if this became a costly trend or was picked up in a way that might not have been intended. Can we have confirmation that that is the case?

Ms Huxtable—Confirmation of what he said? I do not know what he said.

Senator ALLISON—Confirmation that the government would not act to change their system if opportunities were found for—

Ms Halton—You are asking us a hypothetical policy question and we cannot answer that. We can tell you what the current policy is, but whatever action the government might choose to take—

Senator ALLISON—Perhaps the minister representing the minister might be able to advise us.

Senator Ian Campbell—What was the question?

Senator ALLISON—A week or so ago, Minister Abbott was reported as saying that the government would not take action in the event that obstetricians and other physicians who might have a series of consultations followed by a procedure in hospital shifted the cost of the procedure in the hospital to the consultations in order to bring their patients up to the threshold—a measure that would be quite easy in many cases. The minister said that the government did not see that as a loophole that needed to be fixed or a problem that would need to be addressed. Can you confirm that?

Senator Ian Campbell—I am told by Jane Halton that he may have been misquoted.

Ms Halton—We are not sure.

Senator Ian Campbell—Senator Allison, your question is quite succinct and clear. I will ask the minister to respond and get you a response as soon as I can.

Senator McLUCAS—Eligibility for family tax benefit A has been changed in the budget. How does that effect the number of families that might be eligible for the $300 threshold of the safety net?

Ms Huxtable—My understanding of those changes is that they predominantly go to the group that is already eligible for family tax benefit A. So there is movement within the existing target group and a small impact in regard to additional families that may become eligible for the $300. I cannot tell you exactly what number that is.

Senator McLUCAS—Was Health consulted by FaCS in the development of those changed eligibility rules?

Ms Huxtable—I am not aware of us having been consulted in that regard.

Senator McLUCAS—So there will be an impact on the final outcome with the increased eligibility for FTBA?

Ms Huxtable—As I understand it, any change would be exceedingly small because the predominant changes around FTB A are within the group that is already deemed to be eligible for the $300 threshold. So the impact of new families coming in would be so small as to not be on what our population estimates were anticipating anyway.

Senator McLUCAS—I know you referred to Senator Allison's question that it is very early days, but has the department had to do any reforecasting of the costs to this point in time?

Ms Huxtable—No.

Senator McLUCAS—I know it is in the books, but what is the estimated expenditure for the safety net for the current year?

Ms Huxtable—The 2003-04 year?

Senator McLUCAS—Yes.

Ms Huxtable—The estimated administered expenditure is $15.5 million.

Senator McLUCAS—And for 2004-05?

Ms Huxtable—For 2004-05 it is $102.982 million.

Senator McLUCAS—And they are on track at the moment?

Ms Huxtable—Only the 2003-04 figures, obviously.

Senator McLUCAS—Thank you.

Senator ALLISON—I have a general question about the fact that the RRMA system was used to determine quite a bit that is in the package by way of encouraging doctors into particular areas. Has there been any work done on the suitability of RRMA for some of those measures? A number of areas have argued that their doctor shortages are much more extreme than many others that have been in the RRMA system getting those benefits and incentives. Has there been any further looking at the use of RRMA criteria?

Mr Learmonth—Yes, there has. RRMA was deemed the appropriate measure for the policy initiatives that have been announced, but areas of consideration that we discussed earlier I think can be fairly characterised as essentially stopgap measures. The minister has separately directed us to develop a new index that can replace RRMA and others, which will be a better measure of work force need and so on and will more directly pick up on those characteristics that suggest an area of need. That will be done over the coming 12 months or so. So that is certainly under way.

Senator ALLISON—So we can expect changes this time next year or thereabouts.

Mr Learmonth—I would imagine so. That is our intention. It will effectively be a new index that we will create.

Senator MOORE—I want to move to the aged care provisions under this area. Can we get a breakdown of the $47.9 million funding by year and by cost for aged care panels, cost to ADGP for operating plans and cost to Medicare for assessments?

Mr Eccles—I can talk to you about the aged care GP panel's initiative. The breakdown of that is that the funding that will go to the divisions to support the roll-out of this measure is $7.43 million in 2004-05, $3.8 million in 2005-06 and $3.89 million in 2006-07. The component of the additional funding that will end up remunerating GPs for the new activities that they do in the aged care homes will be $5.94 million in 2004-05, $6.08 million in 2005-06 and $6.22 million in 2006-07. So the total will be $13.37 million in 2004-05, $9.88 million in 2005-06 and $10.11 million in 2006-07. I think someone else will be able to give you information—

Senator MOORE—And that should add up to $47.9 million?

Mr Eccles—No, I think there is funding on top of that for the comprehensive medical assessment.

Mr Learmonth—Which is $13.6 million.

Senator MOORE—Does that all add up now?

Mr Eccles—It is very close to it.

Senator MOORE—In terms of the development of this particular initiative, what kind of consultation was undertaken with the aged care sector?

Mr Eccles—Quite a bit. The aged care sector is represented on our formal advisory group along with a number of general practice groups and consumer organisations. I can tell you the exact groups: Aged and Community Services Australia, ANHECA, the Australian Nursing Homes and Extended Care Association, the Council on the Ageing, and Geriaction. We also had the Australian Society of Geriatric Medicine, a number of other GP groups and also aged care nurses. They have been involved in the formal advisory process. In addition to the establishment of this advisory committee, which worked with us to develop some program implementation guidelines, we have been holding a number of workshops around the country, which seek to take those guidelines and turn them into operational plans. We held a national workshop, and the aged care sector was well represented and gave a number of presentations to help get the health side of things aware of the aged care culture and vice versa. There is a very strong focus on the partnership side.

Senator MOORE—And that particularly focused on this particular bunch of initiatives?

Mr Eccles—They were particularly focused on the roll-out of the panels, which is the funding for GPs to work in aged care homes.

Senator MOORE—Given that you have that in place, do you have any particular plans within the program for future ongoing consultation?

Mr Eccles—Yes. One of the things that we are considering is the ongoing role of the advisory group.

Senator MOORE—So the advisory group has not ended its term; it is still in place?

Mr Eccles—It was set up for a time specific period to look at developing the panels. I think it is fair to say that it was a particularly constructive and a terribly functional group. One of the things that we are keen on is—

Senator MOORE—I am dying to quote that back—'Particularly constructive and terribly functional,' I really like that. I take it that it was a very positive group—terribly functional!

Ms Halton—We do not want you to run off and do something naughty with that.

Senator MOORE—Never.

Mr Eccles—And we will continue to use the goodwill—

Senator MOORE—And that is the expectation of the members that they have been part of the process.

Mr Eccles—We had a discussion about involving them in feedback on how the program is being rolled out. Certainly, that is our intention.

Senator MOORE—What is the evaluation process for the impact of this initiative? What have you built into your plan for that?

Mr Eccles—There is quite some detail on evaluation. The program guidelines actually make specific mention of evaluation. Quite a considerable amount of time was spent with the advisory group going through that. There is going to be a review undertaken by the department after 12 months of operation to see whether or not the funding models that have been put in place are hitting the mark, whether or not we are optimising the role of the relevant health professionals and also whether or not the partnership processes we are putting in place are working. Also, the role of geriatricians is something that we undertook to have a look at after the first year of the initiative. Then there are obviously the longer term activities which will be looking at the nature of work that GPs will be doing in nursing homes, the level of work and the general success or otherwise of particular models around the place. I think we mentioned at the last hearing that there will be a range of models. We are not being overly prescriptive; there is going to be a lot of flexibility. A key part of the evaluation will be trying to work out which models are having the most success in which areas.

Senator MOORE—And how you can share that knowledge?

Mr Eccles—Absolutely. There will be a continual rolling process of alerting everyone who is part of this to emerging models and what people's perceptions are of success. One of the things we are thinking about is having a web site that is continually updated with new information on those models.

Senator MOORE—Would the ownership of the web site be the department's?

Mr Eccles—It is something we can discuss with ADGP—the Australian Divisions of General Practice—who do have a role in assisting in some of the administrative aspects of that. It could be something that we ask the ADGP to keep a close eye on—keep their hand on it.

Senator MOORE—But the focus is on this group that is working together and maintaining that relationship.

Mr Eccles—Yes, absolutely.

Senator MOORE—Have you costed the process of evaluation?

Mr Eccles—I do not think I have that information. I can get it for you very quickly.

Senator MOORE—How much of the initiative and whether that particular stream has been costed—the stream for the reviewing process, the stream for ongoing evaluation. Has that been already costed?

Mr Learmonth—I would imagine there has been an amount set aside.

Mr Eccles—There has been.

Mr Learmonth—But as to what that is, we would have to take that on notice.

Senator MOORE—That would come out of admin, wouldn't it?

Mr Eccles—Yes.

Senator MOORE—Moving to the panels, have the aged care panels been set up? Are they operational?

Mr Eccles—No, not yet. They will roll out in July. That said, there are some areas where they have had similar arrangements—they have been called different things—that have been going for some time. We are not going cold into this, but the formal development of panels under this measure has not started yet.

Senator MOORE—Are they expected to be absolutely operational on 1 July?

Mr Eccles—No. That is one of the things that we have been discussing. I think it is fair to say that in those divisions—and we use divisions as the geographic focus of this—where there are existing relationships between GPs and the nursing home providers and where the divisions are actively involved, we can expect that they will hit the ground running with some pace. In fact, we know that some of them are prepared; they are almost doing it now. In other areas, where there is less capacity, I think there will be an element of developmental work, but we are confident that there will be highly visible action in July, August and increasingly onwards.

Senator MOORE—Is there a variation in the level of preparedness across all the divisions? You said that some are almost ready to go.

Mr Eccles—Yes.

Senator MOORE—The ones that you feel are about ready to go are the ones where there were pre-existing similar arrangements, which are a bit of a model for what you have developed?

Mr Eccles—That is right. That is one of the things we have done. We have tried to highlight those divisions who are doing things in this area who have already, as part of their core business, undertaken these sorts of activities. We have used them almost as exemplars where they can profile and share what they are doing through this national workshop process.

Senator MOORE—How many panels are there in each division? I know that it varies.

Mr Eccles—It should be one. We expected each division to have a group of GPs who are interested in doing work with aged care homes in their area. We expect that it would be one list per division. That is the way we are conceptualising it.

Senator MOORE—Is there anything to stop there being more than one?

Mr Eccles—I am not sure what would be gained by that. There is absolutely nothing to prevent it, but I am not sure what would be gained.

Senator MOORE—I am just looking at the flexibility process. But the expectation is that it will be one per division.

Mr Eccles—Yes. I am grappling to get the sense of the question.

Senator MOORE—I am thinking of the different size divisions, different groups around areas and that kind of thing—whether the expectation is to have one big list or whether there will be sublists, subgroups.

Mr Eccles—I am certain there will be sublists. I see the process working in this way. The GPs, the aged care providers and the divisions will sit down and develop some sort of charter of priorities or priorities for the residents of nursing homes. Then they will identify the range of activity that needs to take place. Then they will try to source GPs to undertake that activity.

And those GPs will in effect constitute the panel. As to how you divide that list up—whether it is one or two—I am not sure whether it is a key point but there is enough flexibility built in for a variety of models.

Senator MOORE—How are the GPs being selected to be involved?

Mr Eccles—There are a couple of points on that. One of the key elements of this is that GPs will not need to be formal members of the divisions to be able to get involved. And one of the fundamental underpinning elements of this program is that, where there is constructive activity taking place, it cannot be compromised. That needs to be supported and encouraged to grow, so those with a demonstrated track record will obviously be the immediate target. That is something that will be up to each division. Divisions know the best way to access the GPs, but it will be in the light of those two principles—that every GP should have the opportunity to be involved and that those with a demonstrated track record who are doing things will be encouraged to continue and expand: nothing we will do will diminish their activity. They are two key principles that divisions will use in trying to identify a range of doctors to take part in the activity.

Senator MOORE—Who makes the decision whether you are in or out?

Mr Eccles—Essentially it is very much a partnership between the divisions and the aged care providers. We expect that the way the aged care providers and the divisions will work—we are trying to move away from the concept that the divisions will have a selection process. It is more ascertaining interest in being involved.

Senator MOORE—At this stage—which is only a month out from when the expectation is that some will be formally set up under the new arrangements—do you have any idea how many GPs are already involved?

Mr Eccles—No.

Senator MOORE—So you would not have any idea of how many GPs who had not previously worked in an area have been involved?

Mr Eccles—No.

Senator MOORE—Will we be able to get those figures after 1 July? Will those be the kinds of records that will be kept—the background of the GPs who get involved?

Mr Eccles—I imagine it would be. I am not sure when the first reporting cycle will take place. I would be surprised if we would impose a reporting process that would be anything more than three-monthly.

Senator MOORE—It serves no purpose.

Mr Eccles—Yes. But when that information becomes available—

Senator MOORE—That would be one of the things that would be recorded?

Mr Eccles—Yes. We want to be able to monitor growth in this new sector.

Senator MOORE—It is also of interest to know where the GPs have come from who have chosen to be involved. That would be some of the stuff we would be asking for. Do the

current arrangements that you are planning guarantee that all the nursing homes are covered for GP services?

Mr Eccles—It is not mandatory for nursing homes. We expect that the significant majority, if not all, will choose to be involved in this. There is provision for every nursing home to be contacted by the division within which they fall to ascertain their interest. Certainly we are looking at this being comprehensive.

Senator MOORE—So, if a nursing home wishes to be involved, part of the program will be to ensure that they will get service?

Mr Eccles—Yes. Activity No. 1 for the divisions in administering this program at the local level is to engage every nursing home in their area and ascertain whether they are interested in participating. The feedback is that very few are showing any signs of reluctance. From then on, they will sit down and mutually identify what particular areas of need they have in that particular home.

Senator MOORE—Has activity No. 1 actually happened yet?

Mr Eccles—Yes. We have already written to nursing homes and alerted them to it, so the nursing home sector is well aware of it.

Senator MOORE—Have there been preliminary meetings within divisions to tell people—

Mr Eccles—Yes. My understanding is that a significant number of divisions are already well advanced in some of the planning elements. I should say that a number of them are well advanced in considering how to do the planning, and part of that has been to touch base with the local nursing homes.

Senator MOORE—At this stage are you aware of any areas that are moving much more slowly than others?

Mr Eccles—I do not have that information. There are a number of state specific workshops that are taking place this week as we speak. They are about bringing together at state level the nursing home providers and the managers of the divisions of general practice to talk about how they are going to do these things—what sorts of things are in and what sorts of things are out.

Senator MOORE—Is the department facilitating those workshops?

Mr Eccles—No. The state based organisations of the divisions network will be formally facilitating them, but the department is going to be heavily involved.

Senator MOORE—Are they happening in every state?

Mr Eccles—Every state except for the ACT. They have a different arrangement in place because of the size. We are funding the state based organisations to facilitate these workshops.

Senator MOORE—The department is funding?

Mr Eccles—Yes.

Senator MOORE—Is that part of the allocated funding for the program or is that a separate allocation?

Mr Eccles—Because we needed the funding this financial year, that was funding that we found available within the department.

Senator MOORE—To fit within the financial year plans?

Mr Eccles—That is right.

Senator MOORE—So the meetings that are being held this week will make more clear some of the issues we have been asking about, where things are proceeding right on track and where there could be—

Mr Eccles—That is right. I think the vast majority of them are this week and next week. The national workshop was held on 25 May.

Senator MOORE—Was that here?

Mr Eccles—No, it was in Melbourne.

Senator MOORE—Was it well attended?

Mr Eccles—All state and territory divisions were represented. There were about 60 people. There were the key GP groups and the key nursing home groups. It was a day of robust discussion. It was quite positive.

Senator MOORE—Is there a plan for how the incentive payments will be distributed?

Mr Eccles—The funding for GPs?

Senator MOORE—Yes.

Mr Eccles—There are no set criteria, no set plan. Each division will do it a bit differently and several models will emerge. It could well be that for a number of the activities, like participating in advising nursing homes on emergency protocols, an hourly payment may be the best way to remunerate GPs.

Senator MOORE—Like a consultation payment?

Mr Eccles—Sort of. If the development of priorities for the nursing homes identifies some particular activity that lends itself to an hourly payment then that, in my view, would be the most logical way of remunerating GPs. That said, there is also provision for retainers for access to after hours care, and the divisions are going to be working those up.

Senator MOORE—Is it linked to the number of aged care homes they are servicing?

Mr Eccles—Yes. The way we are dividing the funding through the divisions is that it comprises a modest flag fall amount and on top of that it is determined—

Senator MOORE—So just for being in you get your first allocation?

Mr Eccles—That is right—given that, for divisions, you are going to need at least half a person to administer this program, regardless of whether they have 12 nursing homes or 40. So there is a small flag fall amount and then the rest is determined through the number of aged care homes and the number of beds.

Senator MOORE—Will that vary across divisions? Are those payment arrangements one of the things that could be flexible?

Mr Eccles—Yes. The way we remunerate general practitioners will be flexible across the divisions.

Mr Learmonth—There are two separate things here. One is how we actually pay two streams of money—one stream for divisions to administer to pay panel GPs for their work and separately a stream of money to fund the divisions for their support role in this initiative. Both of those are based on a flag fall and a demand based variable element—the number of beds and the number of homes. That is how, at the aggregate level, money is provided to divisions for those two purposes. In respect of the first stream, how the divisions then take the money for GPs to operate on the panel is where the flexibility will come in—whether it is an hourly rate or retainer.

Senator MOORE—But the second part about the admin would be standard?

Mr Learmonth—Yes. The flexibility is in the individual doctor payments.

Senator MOORE—So the operational process may vary from place to place but the actual set-up and so on will be a standard component?

Mr Learmonth—Yes.

Senator ALLISON—Are all the GP divisions participating?

Mr Eccles—Yes, as far as we are aware. No-one has opted out.

Senator ALLISON—What are the reports from the divisions about the willingness of GPs to be part of this program?

Mr Eccles—I think it is fair to say there is cautious optimism. Some of them are positive that they will be able to move forward and fill the list. Others are saying it will be a challenge to find GPs who may have the time for this additional activity. But, generally, the feedback I have had to date is that no-one is underestimating the challenges associated with making sure that we have enough general practice work force. I think cautious optimism is the best way to describe it.

Senator ALLISON—When will you have something more than cautious optimism? When will you have some real data?

Mr Eccles—It is going to be after it is rolled out, obviously. I suspect that over July-August-September we will start to get an idea of where there are going to be difficult spots, but we do not have that sense yet.

Senator ALLISON—How are the divisions going about this task? Are they phoning all of the GPs in the area or are they looking at GPs who are already servicing nursing homes?

Mr Eccles—The very first thing is for them to speak with the providers of aged care services in their division and identify through them not only what the priorities are but what GPs are already involved in that work. Those GPs will then be involved as almost the first port of call and then they will canvass other GPs to see who may be interested in participating in this process.

Senator ALLISON—Is there any thought anywhere about the divisions running training courses in geriatrics? Are they able to do that? If so, how is that funded?

Mr Eccles—Yes, absolutely. That is being funded as part of the amount of money that goes to the divisions to administer this. That funding can also be used to bring in a geriatrician to upskill some of the GPs about some specific elements of caring for people in aged care homes. A key part of it is the training and upskilling of their panels.

Senator ALLISON—Are you requiring the divisions to offer the upskilling, the training with geriatricians?

Mr Eccles—We are requiring them to consider the need for upskilling, and I would be most surprised if they did not take up that offer.

Senator ALLISON—What is the current level of additional training GPs have done in geriatrics?

Mr Eccles—I do not know. I do not know if I would ever be able to find out exactly, but I could get some sort of sense from asking around. I do not have that sense at the moment.

Senator ALLISON—And the divisions have not thus far provided training for geriatrics?

Mr Eccles—Some have. Some divisions which are particularly active in the area of aged care have a very solid track record of providing education to their GPs on aged care matters.

Senator ALLISON—Is it like the Better Outcomes in Mental Health Care program where doctors have some certificate or accreditation process that indicates that they have done this course? Would that be the same for geriatrics?

Mr Eccles—No. We have not mandated or considered having formal qualifications or formal recognition. We see it just more as part of the obligations in terms of continuing medical education. It is something we could consider, but it is not something that has been raised as a particular issue in our consultations.

Senator ALLISON—Was the issue of dental health raised in the consultations you had? As I understand it it is pretty much unheard of for dentists to go into nursing homes and yet there is a significant need for at least dental hygienists if not dentists in nursing homes.

Mr Eccles—As part of the consultations for the panels I do not recall dental hygiene or dental issues having been raised explicitly—certainly not with me.

Senator ALLISON—Does this program extend services to young people in nursing homes?

Mr Eccles—I imagine it would extend to any residents of nursing homes, but again it is not something we are explicitly ruling in or out.

Senator ALLISON—If a young person in a nursing home had specific medical-cum-rehabilitation or physiotherapy requirements would that fit the criteria here? Would it be possible to have services provided under this program to those people?

Mr Eccles—The majority of the work that the GPs will be doing is working with the providers of care to improve the way they deliver services for the residents. On that basis I assume that they would benefit.

Mr Learmonth—There are really two things it is trying to facilitate. One is access to GP services in its various dimensions. So, to the extent that what you have in mind falls under the

rubric of GP services that might be provided, yes, it will be increasing their access to them. The other is working with the homes to improve things such as quality and safety policies and a range of things that will go to improving quality of care for all the residents.

Senator ALLISON—Can the two programs be combined—the GP care plan, which allows allied health services to be brought in for complex and ongoing chronic problems?

Mr Eccles—This is the comprehensive medical assessment for residents?

Senator ALLISON—Yes. If a GP, having done a comprehensive assessment, can see that there is value in a podiatrist or one of the many allied health professionals who are part of the GP care plan, can that be used in nursing homes in the same way it can for those outside nursing homes?

Mr Eccles—I think the program expert on this just ducked out. This is being rolled out in tandem. They are two separate things. Any GP can get access to the comprehensive medical assessment item; they do not need to be part of a panel. That said, it makes a lot of sense that those going in and undertaking these comprehensive medical assessments who have a track record and a relationship with the providers and the residents will also be playing a strong role in the panel arrangements. I think the answer to your question is that there is absolutely a lot of scope for synergies. Whether they become one program with morphed funding I think is another thing altogether.

Senator ALLISON—That really was not what I was asking—whether or not it be morphed—but rather whether the two can work together in nursing homes. The HIC is not going to jump in and say, 'You can't do that?'

Mr Eccles—No, not at all; I think quite the opposite. We would expect that those who are undertaking these comprehensive medical assessments are quite likely to be the same sorts of doctors who are going to be participating in the broader panel arrangements.

Senator ALLISON—Getting back to young people in nursing homes: just to make it clear, there is no prohibition or no intention that these people would miss out on any of the services available to those who are frail aged?

Mr Learmonth—This measure is not meant to change the way the MBS schedule is accessed. If there are items that can currently be accessed by GPs in relation to residents of aged care homes, that will remain the case. It will not change the application of MBS items. It is designed to facilitate access to GPs.

Senator ALLISON—There is a fairly major change to access to MBS items through the care plan.

Mr Learmonth—And the question in that context would be: is the care plan available to residents of nursing homes as it is constructed in the MBS at the moment?

Senator ALLISON—Is there something to be added to that?

Ms L. Smith—Only that I think the comprehensive medical assessment would be available to all residents in residential aged care homes.

Senator ALLISON—Getting back to that comprehensive assessment and what GPs may be able to use by way of addressing the health needs of people in nursing homes, can those

doctors who are able to access the services of psychologists under the better mental health outcomes program do that from within nursing homes as well? As I understand it, there is a fairly high level of psychiatric and psychological illness in nursing homes. Would the 15 per cent of GPs who have done that training be able to refer people in aged care to a psychologist for those six sessions—or 12, if found to be necessary?

Ms L. Smith—The better mental health initiative has a separate set of arrangements, so we are just checking.

Senator ALLISON—My question is really about how they interact and whether they can work together.

Ms L. Smith—The better outcomes in mental health also links up with a program. Looking at the items in the schedule, GPs are able to use the three-step mental health process either in surgery or out of surgery. So that would apply to residents of aged care homes. That is our understanding, but we will certainly check on that for you.

Senator MOORE—Allowing for the fact that you have said that there will be flexibility across all the divisions and that the clear plans have not been developed until after 1 July, what exactly is the expectation of the doctors who decide this is something they would like to do? What are they being told that they are going to have to do to be part of the process?

Mr Eccles—It is to participate and to work in collaboration with the nursing homes to identify what the particular priorities are for that nursing home. So that is the planning component. Then it is to undertake particular services with the providers of aged care for the betterment of the health of the residents. Their expectation is that they will be remunerated for that activity.

Senator MOORE—Will the services that they are going to be asked to provide be clearly identified?

Mr Eccles—They will be, as part of the implementation plans for each nursing home. They certainly will be. If there is a nursing home with a particular need for advice on emergency protocols, on particular elements of care or on participation in quality committees—those sorts of things—then that will be clearly articulated.

Senator MOORE—What about hours of being available so that if you are working in this field you are on a panel, a list or whatever they are going to call them? Will you be expected to be accessible 24 hours a day?

Mr Eccles—I guess it depends what your role is on the panel. If you have put up your hand as a GP to be part of the quality or advisory functions, then that may not bring with it a need to be on call after hours. However, if as part of your being connected with the part of the priority area that relates to provision of after-hours care, then obviously there will be a requirement that you be on call.

Senator MOORE—I am interested in how you will be able to ensure that within a division you are going to have enough GPs who will cover that wide range of expectations. You have the people who have an interest in the development of the care. My understanding of where the program came from was a concern that the service by medical professionals in nursing

homes was variable and that people required services. I thought that was a need this program was meeting.

Mr Eccles—It was about access.

Ms Halton—Can I make a comment on this program. We—certainly I—had a number of conversations up to about two years ago with a number of providers. This is the baggage you carry with you as a former aged care manager. A lot of people raise with you the issues they have. Really, the clear issue that was raised with us was about access—making sure that there were, particularly for people who came in out of area, GPs they could turn to who would take on new patients. This has grown, if you like, from the need to ensure that older Australians can get access, particularly if they move to a home closer to their children, to a general practitioner in a pretty speedy way. All the other things are, I suppose, important embellishments—and I do not want the word to be misinterpreted: enhancements would be a better word—to that proposition. At its absolute core it was about making sure that we could provide a workable, sustainable arrangement to ensure access for people in residential care. As Mr Eccles said, informally there were a number of these kinds of arrangements around the country and it seemed a perfectly reasonable proposition to make them available nationally.

Senator MOORE—And to see how it goes.

Ms Halton—Yes.

Senator MOORE—If I am in a home and I require medical services, how would I access this service?

Mr Eccles—If you did not have your own GP because you were from out of town and there was a panel that was established in your area then the care providers would be in touch with the nominated GP who was being paid a retainer to be on call. That GP would then discuss your care needs with the providers and, if the need was such, come in and see you.

Senator MOORE—And I would have the confidence that someone would be looking after me.

Mr Eccles—Yes. That is the underpinning principle of the program.

Senator MOORE—So what if the workload of the GPs is higher than anticipated? How do you address that?

Mr Eccles—There is no doubt that one of the big challenges with the program is trying to get GPs who are interested. That is something that will be subject to constant and regular review. It is almost a review in progress as it rolls out. We are not underestimating the challenges.

Mr Learmonth—It is part of the reason that we are funding the divisions to support this, to keep an eye on it, to look at how it is being rolled out and, over time, to be responsive to what is happening on the ground and, if necessary, to change the balance of investment between the quality improvement activities and the access activities. If it turns out that there is pressure on visiting doctors and they need to recruit more, they will shift their balance of retention and balance of investment within their pool to that end, in consultation with the aged care provider.

Senator MOORE—The issue would be raised by the GP, or any partner in this process, that this was not happening and then it would go up through the divisional level. If it was not addressed there it would go up to the national group. That would be the expectation?

Mr Learmonth—You would imagine it would be addressed at the divisional level. The idea is to forge those local partnerships between GPs, the local division and the aged care providers so that they come up with the response and the balance of investment across the various areas that are going to meet their needs and how they change over time.

Senator MOORE—Which would be part of the key review after 12 months?

Mr Learmonth—Yes.

Senator MOORE—You are confident that it will be able to be up and running on 1 July?

Mr Eccles—I am confident there will be activity on 1 July. As I said earlier, a lot of this will be driven by the capacity of some divisions. As in all these things, there will be critical mass that happens and some areas will be quicker than others.

Senator MOORE—Does the national workshop have confidence that it will be up and running on 1 July?

Mr Eccles—The national workshop was confident that there would be activity in July and August. One of the key things that we discussed there was how to make sure there was enough activity so that all the GPs in the area were aware of this process. There will be money spent at that point—there is no doubt about that.

Senator MOORE—So the funding will be going in from 1 July.

Mr Eccles—The funding is there.

Ms Halton—I go back to a personal anecdote, which always proves every rule. I went to see my GP recently. My GP has had a habit of spending at least half a day a week in an aged care home in Canberra and this GP was already very aware of it.

Senator MOORE—Through the medical networks.

Ms Halton—Yes. I did not go in for the consultation doing my PR spiel.

Senator MOORE—You must have trouble when you go to see a medical practitioner.

Ms Halton—I try to be anonymous but it does not always work!

Senator McLUCAS—Before we leave the aged care issue, in the letters Mr Howard is writing that go out with the book, he says, 'If you have a family member or friend in an aged care home, they will have access to a comprehensive medical check, now covered by Medicare.' I think we need to change the word 'will' to 'may', following that discussion that Senator Moore has just had.

Ms L. Smith—The panels and the comprehensive medical assessments are two different things.

Mr Learmonth—The comprehensive medical assessment is an item on the MBS which certainly is available to all residents by right. The panel arrangement is about facilitating improved access to GPs and the general range of services they are able to provide.

Senator McLUCAS—It is entitled 'aged care' in his letter instead of 'comprehensive medical check'.

Ms Halton—Seriously there is an issue there, because you can be a resident of an aged care facility but under the age. We have a number of younger people with disabilities.

Senator McLUCAS—But comprehensive medical checks are also available to other people in aged care.

Ms Halton—Yes, but this particular issue is about older people.

Senator MOORE—I have some questions about the comprehensive medical assessment process. What figure has finally been decided upon for the Medicare rebate for the comprehensive Medicare assessments of nursing home patients?

Ms L. Smith—The minister is still to determine the final figure. There was a figure that the department and the GP groups agreed would be reasonable, which was around the $150 mark, from memory.

Senator MOORE—When does that figure have to be decided?

Ms L. Smith—The minister is able to decide that figure, probably in the next couple of weeks.

Senator MOORE—It is a 1 July program.

Ms L. Smith—It begins on 1 July.

Senator MOORE—So in terms of knowing, I am sure for Medicare purposes you need to have the figure. The figure of $150 is a recommendation or something that people have discussed but has not been finalised.

Ms L. Smith—That is right.

Senator MOORE—What are the conditions for accessing the rebate, how often can it be used per patient and must the doctor be a member of an aged care panel for people to claim it?

Ms L. Smith—The doctors do not need to be members of an aged care panel. The comprehensive medical assessment will operate like any other item in the Medicare benefits schedule. It will be available to new and existing residents on an annual basis or wherever an incident occurs that necessitates a comprehensive medical assessment.

Senator MOORE—Is there any expectation that there is a limit in a year? Could you access a comprehensive medical assessment more than once in a year?

Ms L. Smith—You could access it more than once a year if there was a particular incident.

Senator MOORE—If an incident required you to have it.

Ms L. Smith—That is right.

Senator MOORE—That would be the determining factor rather than how many times.

Ms L. Smith—Yes, that is my understanding.

Senator MOORE—Is it a requirement that doctors bulk-bill such assessments?

Ms L. Smith—No, there is no such requirement.

Senator MOORE—As there is not, what is the anticipated average out-of-pocket cost for the patient if they take up that service?

Ms L. Smith—In general for these types of items in residential aged care there is a very high bulk-billing rate. I would need to check on the exact figure, but it is quite high. We have not done any modelling, to my knowledge, around what we would expect the out-of-pockets to be on these particular items.

Senator MOORE—If we could find out from your research, on notice, what the average bulk-billing rate in aged care facilities is, just in terms of the basic information. Do you have that kind of data? Have you looked at that?

Ms L. Smith—I believe we do but I would need to check.

Senator MOORE—We put that on notice. If we can get what you can give us, that would be good. The last one in this subject is: how many assessments are expected to be conducted each year? In terms of your forward planning, how many do you think will be done on an annual basis?

Ms L. Smith—I would need to check on that. From memory, we have probably anticipated 40,000 to 50,000 being done, which works out to be 85 or 90 per cent of new and existing residents in residential aged care.

Mr Learmonth—And the proportion of existing residents I think is closer to about 90,000 a year, which is what we are anticipating.

Senator MOORE—How is this particular segment advertised? How will people know about this particular offer?

Ms L. Smith—It has already been publicised through some of the information that has gone out to GPs.

Senator MOORE—So that is to the providers?

Ms L. Smith—That is right. I think it is also included in the campaign.

Mr Learmonth—Yes.

Ms L. Smith—There is quite a bit of information about it.

Mr Leeper—It is on page 10.

Senator MOORE—So it is in the general book. How will people in aged care facilities get that? Will that go in bulk if you are in a home or will it go to individuals within an aged care facility? I am interested because this is particular for people in a nursing home facility. You have a target audience so information sharing would be a little easier. It just struck me as to how the booklet, which is the major thing—

Mr Davies—We are just checking as to whether homes will get multiple copies.

Senator MOORE—That would be lovely.

Ms L. Smith—We have consulted with the aged care advisory group on this particular measure as well. A lot of the people that Mr Eccles was talking about before are also involved in advising during the implementation of it.

Senator MOORE—That is fine. Thank you.

Senator McLUCAS—I will ask some questions about the practice nurse and health professional section of MedicarePlus. How many practices have taken up the opportunity to employ a practice nurse to date?

Ms L. Smith—Are you referring to it in total or to the new initiative under Strengthening Medicare?

Senator McLUCAS—MedicarePlus—Strengthening Medicare.

Ms L. Smith—As at 23 April, 432 practices had joined the scheme.

Senator McLUCAS—Where are those practices located?

Ms L. Smith—They will all be located in urban areas of work force shortage. I do not have the breakdown here but we would be happy to get that for you.

Senator McLUCAS—I do not want to know what suburb they are in because you could almost identify the practice, but could you give them to us on a state basis. That would probably be sufficient, with the exception of Queensland where you would need the regional centres because of the decentralisation.

Ms L. Smith—I believe we have a breakdown of the states so we will get that for you.

Senator McLUCAS—How many practices have taken up the opportunity to employ an allied health professional to that point in time?

Ms L. Smith—I will need to check on that. I do not think I have that here.

Senator MOORE—Can you tell us what form of allied health professional the person is or is it just the general heading of 'allied health professional'?

Ms L. Smith—I think it is just a general heading but I will check.

Senator McLUCAS—And also where they have been located?

Ms L. Smith—Okay.

Senator McLUCAS—How do practices apply for that assistance?

Ms L. Smith—I think there were about 1,100 practices that were invited to join the scheme. So 432 have taken it up.

Senator McLUCAS—How were the invitations sent out?

Ms L. Smith—They were sent out from the Health Insurance Commission.

Senator McLUCAS—How did we decide which 1,100 should have been invited?

Ms L. Smith—It is based on whether the practices were in an area of work force shortage.

Senator McLUCAS—Of the 1,100 who were invited, how many people took up the offer?

Ms L. Smith—So far, 432 have taken up the offer.

Senator McLUCAS—So every application was successful?

Ms L. Smith—That is right. People only get invited if they are going to be eligible, so the HIC determines which are the eligible practices and invites them to participate.

Senator McLUCAS—Mr Leeper, can you tell us how you identified which practices were eligible?

Mr Leeper—This might be circular but the invitations were only sent to practices which were in areas of work force shortage.

Senator McLUCAS—How did you identify areas of work force shortage?

Mr Leeper—In terms of criteria established by the department.

Ms L. Smith—I think we did that. I definitely bounced that one back to him.

Mr Leeper—I will just return the serve here.

Ms L. Smith—I think we have talked about the areas of work force shortage previously. They were defined first of all by looking at GP to patient ratios—looking at the national average and defining areas of work force shortage on that basis. Because this program is a capped program—that is, it has limited funding—we then ranked the areas of work force shortage by looking at the SEIFA index of socioeconomic status. So there is a ranked list of areas. Based on the funding available, we then went to the first X number of areas—I am not sure how many it was—and it came up with 1,100 practices. The intention would be that, if all those practices do not take up the initiative, we would move down the list of areas.

Senator McLUCAS—There was a ranked list?

Ms L. Smith—Yes.

Senator McLUCAS—Did you send out invitations as the money allowed or was it sent out in one hit?

Ms L. Smith—We first of all looked at what the money would allow and sent invitations to that number of practices. Clearly not all of those practices have taken up the initiative. We will now be looking at how far down the list we can extend.

Senator McLUCAS—Is this just for nurses or is it nurses and allied health professionals?

Ms L. Smith—It is for practice nurses and allied health professionals.

Senator McLUCAS—It is all bulked in together, even though the cost differential for an allied health professional would be higher than for a nurse? You have modelled that into the system somehow?

Ms L. Smith—Yes, it is all in one bucket.

Senator McLUCAS—How much has been spent out of that allocation to this point?

Ms L. Smith—I do not think I have that here. I can get that for you. I think it probably would not be much.

Senator McLUCAS—But there are still funds left?

Ms L. Smith—That is right.

Senator McLUCAS—The point I am getting to is that further invitations will go out?

Ms L. Smith—Yes.

Senator McLUCAS—Can you provide to the committee, probably on notice, that ranked list? Is that possible?

Ms L. Smith—It should be possible, but I will find out.

Senator McLUCAS—You would be aware that there are some practices that believe they should have been included that were not and have been advised that the funds have run out. That is not actually true, it would seem, from what you have said. What process do you have to communicate with those practices who believe they have missed out because the funds have run out?

Ms L. Smith—We have certainly had some correspondence from practices who believe that they are in areas that should have been eligible for this initiative. I am not sure where the message that the funding has run out is coming from. It may be that people are trying to explain that this is a capped program and we can only make so many offers at a particular time. But I am also aware of some circumstances where practices have been invited to participate in the initiative but have chosen not to. There is a mixture of circumstances.

Senator McLUCAS—You explained that areas of work force shortage were identified and then SEIFA was added to that. On what geographical area did you make that decision?

Ms L. Smith—It was made mainly on statistical local areas. Where those areas were too small to make a sensible decision about the doctor to population ratio, it was aggregated into statistical subdivisions.

Senator McLUCAS—So you could provide us with a list of SLAs or subdivisions?

Ms L. Smith—That is what it would be I think, yes.

Senator McLUCAS—That is probably the best way to do that. Did the minister's office sign off on that methodology to identify those areas?

Ms L. Smith—I think they probably signed off on the methodology itself.

Senator McLUCAS—I have finished on that. Thank you.

Senator ALLISON—I am sorry, I may not have been concentrating when you were answering those questions, but are the AMA and other doctor organisations happy with this arrangement? There was certainly a fair amount of disquiet about them having to handle the money and pay allied health workers rather than have direct referral. Has the AMA now signed off on the system?

Ms L. Smith—We have had a number of discussions with both allied health groups and with general practice representative groups around the allied health measure. I think that doctor groups had some concerns, as did allied health groups, about what sorts of relationships they might need to set up. I think the doctors groups have come to a view about what would be acceptable and not acceptable to them.

Senator ALLISON—What might that be?

Ms L. Smith—They would prefer an arrangement where they are not handling the funding on behalf of allied health providers.

Senator ALLISON—So where does that leave the system?

Ms L. Smith—That leaves it at the point where the department now will need to make some recommendations to the minister about how this goes forward.

Senator ALLISON—So it is not going anywhere until that is resolved?

Ms L. Smith—That is right. In the end it will be a decision that needs to be made. There are a number of options for how the system could work.

Senator ALLISON—Is it possible to canvass those?

Mr Learmonth—It is hypothetical. We are yet to put advice to the minister on which of those options might be taken. It is fair to say that there are a number floating around the allied health provider and medical community. That is advice we are yet to put to the minister.

Senator ALLISON—Is one of those options direct referral?

Mr Learmonth—That would be one of them that is in the ether.

Senator ALLISON—If direct referral were an option, it would need to be structured rather differently, wouldn't it?

Ms Halton—We are actually into speculation now, and we cannot enter questions which are hypothetical.

Senator ALLISON—As I understand it, you are currently considering what is effectively a stalling of the arrangements. I think it is a legitimate question, Ms Halton. We are interested to know what the way forward is.

Ms Halton—We can talk to you about the process and likely timing, but as to the content of options and/or advice we cannot talk in hypotheticals.

Senator ALLISON—It is hardly hypothetical, but it is a policy question. I acknowledge that this is something you are still working on. Just getting back to your consultations with allied health professionals, has the amount—and I forget now what it is but it is quite low—of money which doctors would pass on to allied health people through this process been the subject of negotiations or further talks?

Ms L. Smith—I think that both allied health groups and GP groups have had particular views about the level of funding available and about the structure. Their main concerns have been around having an $80 consultation and then a series of four at $44. But that is the level that was announced. Sorry, it is $35.

Senator ALLISON—Was that also a barrier to the current negotiations and is that on the table?

Ms L. Smith—That was one of the things that they raised with us as an issue.

Senator ALLISON—So the department will put that to the minister as an option as well?

Mr Learmonth—That falls into the earlier category.

Senator ALLISON—At least we know there are some options on the payment mechanism, but what about some options for the quantum of the payment?

Mr Learmonth—I think that falls into the earlier category.

Senator ALLISON—Of being on the table?

Mr Learmonth—No, of being something that is hypothetical.

Senator ALLISON—Hypothetical is not what I would call it. You have already indicated that it is an issue and it may be a barrier to this program going ahead at all, so it is hardly hypothetical. If we can ask questions about process, when will this be resolved? Has a proposition been put to the minister yet? What is the time frame for decision making about a way forward? When would you expect this to be resolved?

Senator Ian Campbell—I think they are all issues about policy advice to the minister. Once it becomes policy—

Senator ALLISON—We have a situation where a program has been stalled because of lack of agreement with the sector—doctors and allied health workers.

Senator Ian Campbell—You are asking officers when they are going to give advice to the minister and what the process is.

Senator ALLISON—Ms Halton has said I can ask about timing and that is what I did.

Senator Ian Campbell—You can answer a question about timing.

Ms Halton—I think the answer to that question is that we are looking to move this along as quickly as we can. We are mindful of the need to resolve it and we would be hopeful that that will happen in the near future. Beyond that, we cannot give you a firm timetable.

Senator ALLISON—So process-wise, what are the next steps?

Ms Halton—The minister will make a decision.

Senator ALLISON—So the minister already has a paper with some options on it?

Ms Halton—Again, we cannot comment on the policy side of this.

Senator ALLISON—No, I am asking about process.

Senator Ian Campbell—You are asking if the department delivered the minister a policy options paper, a minute or a brief on this issue, and we do not go into that detail. The process that goes on between the minister and the department or any other sorts of advice he might take on this issue is within the realms of policy advice.

Senator ALLISON—So we cannot know anything about the time frame within which decisions will be made?

Senator Ian Campbell—You have just been told that the government is keen to progress this issue as quickly as possible. You are trying to ask, 'Will it be one day; will it be two days; will the minister get a brief on Thursday; will he respond on Monday?' and that is where it gets a bit out of bounds. We are in a policy process. We regard it as important and urgent. We want to do a response, but as to when the paper leaves the department's offices, gets up here, into Mr Abbott's in-tray and out again—

Senator ALLISON—I would not have normally asked that question, but Ms Halton said, 'You can ask about process and time lines,' which is what I did, but we will not pursue the argument.

Senator Ian Campbell—We have given you an honest answer about the time line. You are wanting a date and a time.

Senator ALLISON—Maybe, Minister, if there is something that can be advised to the committee about this program from the minister it would be useful.

Senator Ian Campbell—I am sure he will try to help.

Mr Learmonth—I would like to correct the record in relation to an earlier question about whether the minister's office had signed off on the methodology underpinning. We answered yes, but there was a bit of shorthand and I should correct the record. The minister signed off on that policy guideline. It was not the office—I draw the distinction—but the minister who signed off on the policy.

Senator McLUCAS—Have all the available bonded medical school places been filled?

Ms Halton—That is outcome 9. I am happy to tell you the answer is yes.

Senator McLUCAS—I am quite sure it is, but I will leave it to outcome 9.

Ms Halton—We have this odd notion of clustering 4, 5 and 9. I do not know whether it is clustering or grouping.

Senator McLUCAS—We asked about it because we never know which ones.

Ms Halton—The confusion is held elsewhere as well.

Senator McLUCAS—And overseas trained doctors.

Ms Halton—That is not under outcome 2; it is in the cluster.

Senator McLUCAS—Does new doctors to areas of need also go into that section?

Ms Blazow —That is in the cluster as well.

Mr Learmonth—Work force figures are generally in the cluster.

Senator McLUCAS—Even though they were part of the MedicarePlus program, they still sit over there. Will the new allied health and dental provisions be ready for implementation—I know we sort of traversed this a little earlier—by 1 July?

Mr Learmonth—We expect so, yes.

Senator McLUCAS—There has been some reportage that there is a lot of concern from the medical fraternity that that can be achieved. What are the obstacles to getting it implemented by 1 July?

Mr Learmonth—I think it would be fair to say that we expect it to be in place by 1 July.

Senator McLUCAS—The GP representative group has apparently suggested that a modified MAHS program is perhaps a more manageable option. Is that what you are considering to do?

Mr Learmonth—Again, that falls into the realm of options that might be considered by the minister. It is not something that we can confirm.

Senator McLUCAS—Can you tell us what proportion of potentially eligible patients currently have care plans under EPC?

Mr Learmonth—I think that is probably going to be a difficult one in terms of what denominator is going to be potentially eligible. It is really a matter for individual clinical judgment by doctors as to eligibility, so that is a difficult thing to estimate.

Ms Smith—I do not think we have information on that.

Mr Davies—The denominator is theoretically the number of people living with a chronic disease.

Senator McLUCAS—You do not know that?

Mr Learmonth—We know it is a large number but we do not know the exact quantum, I am afraid.

Ms Halton—We could get into PR here about the number of undiagnosed diabetics, if you like.

Mr Davies—I was just about to go there!

Ms Halton—I knew you were. This is Kidney Awareness Week. I dare not say what kidney week has been retitled.

Senator McLUCAS—I know. Did you have something to do with that?

Ms Halton—No!

Senator McLUCAS—The term 'mental health worker' is used in the department's language. What professions will be covered by that term? How would you describe that person?

Mr Learmonth—It is one of those things that will be the subject of advice to the minister in due course as to how it will work.

Senator McLUCAS—That is still an area of discussion?

Mr Learmonth—It is one of those things that will be subject to the minister's decision.

Senator McLUCAS—Will there be requirements to ensure that patients are referred to recognised or registered allied health professionals?

Mr Learmonth—Insofar as their eligibility that attaches to the rebate is concerned.

Senator McLUCAS—So people who go have college qualifications or go through a registration process?

Mr Learmonth—There will be eligibility criteria in relation to the rebate.

Senator McLUCAS—Is that where some of issues around the term 'mental health worker' have been exposed?

Mr Learmonth—How that definition of eligibility applies across the various allied health groupings will be a matter for the minister to take a decision on.

Senator McLUCAS—Some of the announcements on the initiative for allied health workers use the clause 'for and on behalf the general practitioner'. Does that mean that the GP will be responsible for supervising the allied health worker in the same way that the relationship between the practice nurse and the GP operates?

Mr Learmonth—I will do the equivalent of taking the 5th Amendment on this as well. I think that is all in the domain of the mechanics of the program and how the relationship will work out that will be the subject of the advice the minister will consider in due course.

Senator McLUCAS—I am going to get into the same process that Senator Allison got into.

Ms Halton—It is because it is a work in progress.

Senator McLUCAS—It is 2 June and this is going to start on 1 July. I am not asking when something will happen, but what has got to happen after the minister receives the advice? Do we have to go back to the sector and have another—

Mr Learmonth—In general process terms I would imagine there would need to be a regulation change to embody the item in the MBS and some communication activity with the relevant stakeholders as to how it will work in detail.

Senator McLUCAS—I dare say there are quite a few stakeholders involved in this.

Mr Learmonth—Certainly; principally GPs and allied health providers, but the list is ultimately longer than that.

Senator McLUCAS—So you would have GPs and physios. Who else would have to be consulted?

Mr Learmonth—We would obviously be looking to a communications strategy which picked up all of the allied health professionals as well.

Senator McLUCAS—Would you pull them all together for a big meeting?

Mr Learmonth—The details are yet to be worked through. I imagine we would continue what we have been doing already, meeting with the relevant professional organisations, but clearly we would look to a range of other communication activities to get the message out.

Senator McLUCAS—I suppose I should express concern that this is actually going to start on 1 July but, if I am proved wrong, that is terrific. In the dental health service program, $220 is available under the announcement. How did you come to that figure of $220?

Ms Halton—I think we will have to take it on notice, Senator. We cannot give you a definitive answer now. We can check in people's memories, but I think we will have to come back to you on notice.

Senator McLUCAS—I am just trying to find in the PBS where there is a description of who is eligible for this program. Could you point me to it? I cannot locate it.

Mr Learmonth—I am just looking it up for you, Senator.

Ms Smith—It hooks onto item 720 and item 722, Senator.

Senator McLUCAS—On what page is it?

Ms Halton—It is page 108.

Senator McLUCAS—It says 'where dental problems are significantly exacerbating chronic medical conditions'. The question I am asking is: is the $220 that has been allocated

per patient linked in a medical way to describe the dental problems that person had that were significantly exacerbating chronic medical conditions?

Ms Halton—The point about this is that it acknowledges that there is a group of people whose dental situation actually contributes to a poor medical condition. In other words, this is available to people—I can be kicked if I am getting this wrong—who have a chronic medical condition and their teeth are making it worse.

Ms Smith—That is right.

Senator McLUCAS—Has there been an analysis of the average cost of the sort of treatment that someone with this sort of condition, probably significant dental problems affecting their health condition, would have to assist them to get over their dental problem?

Ms Halton—This comes at it from the other direction, which is what this implies. This is actually founded on providing up to three consultations for a person in these circumstances, rather than coming at it the other way.

Senator McLUCAS—Some of commentary has been along the lines that three consultations or $220 for most of these particular individuals will simply tell them the extent of their problem and not really get into any major treatment regime.

Ms Halton—I think it is not possible for us to comment on that commentary.

Senator McLUCAS—I come back to the question of where the $220 was dreamed up. Where did we come to think that that was a reasonable amount of money to help people in that sort of situation?

Ms Halton—I think that is about three consultations but, as I said, the memories here need to be checked and I think we need to check that and come back to you on notice. My memory is that it is derived from three consultations rather than through some other route, but we need to check that and come back to you.

Senator McLUCAS—That is with a dentist rather than—

Ms Halton—Yes, this is for the dental consultation.

Senator McLUCAS—What is the other practitioner? Not orthodontist—oral surgeon?

Ms L. Smith—Maxillofacial surgeons and people like that?

Senator McLUCAS—The ones that cost more. What are the other practitioners?

Ms L. Smith—Prosthodontists?

Ms Halton—No. I went to see one recently. He was extremely expensive.

Senator McLUCAS—Exactly. People who have gum disease—

Prof. Horvath—Periodontist.

Senator McLUCAS—Thank you. They are not going to go to the dentist, they are going to have to go to a periodontist, and three consultations are going to cost far more than $220.

Ms Halton—I suppose the point here is that this is enabling people to have three consultations where previously they did not. We will have a look at that and we will come back to you on the costings basis.

Senator McLUCAS—Is there going to be an evaluation in terms of health outcomes of this health expenditure?

Ms Halton—I do not know that we have set as explicitly as that the basis on which we will evaluate. There is no doubt we will have a look at this item and its neighbouring items, their roll-out—

Mr Davies—Given that link to chronic disease and the fact that we do take a close interest in chronic disease, the impact of these will be reflected in our overall monitoring of chronic disease programs.

Senator McLUCAS—I suppose the point I am making is that, yes, you can measure chronic disease on a national basis, but this is a specific program to assist a specific issue within that person's and within that group of people's chronic disease. There is an ability to measure whether or not that group of people have had improved health as a result of $220 being spent per capita. It is a measurable thing that some attention should be put to.

Ms Halton—I think what Mr Davies is saying is that we have no doubt that the impact of this whole series of items will be looked at in some detail. I am not necessarily prepared to agree with your proposition. It is precisely the research question that is being asked. Will it be looked at? Yes.

Mr Davies—I think establishing clear causality to one particular measure would be difficult.

Senator McLUCAS—It is a different measure, though. Chair, can we have a short break?

Ms Halton—We would love it.

CHAIR—We shall return after a break.

Proceedings suspended from 3.53 p.m. to 4.14 p.m.

Senator McLUCAS—On page 117 of the PBS there is an increase in staffing levels of the HIC from 4,100 to 4,500. Am I reading that correctly?

Mr Leeper—Yes, that would be right.

Senator McLUCAS—We had an earlier discussion about 200 extra workers being employed. Can you explain that increase?

Mr Leeper—Not measure by measure. When I said before we are increasing staffing in Medicare offices by around 200 that was temporary and ongoing. We are also increasing staffing in our processing centres, which are based in each of the state capital cities, again to reflect the impact of the measures in the budget. So the increase from 4,100 to 4,500 reflects changes in volumes—so that is higher numbers of authority prescriptions being written and phone calls being made, underlying volumes in Medicare and also the impact of measures such as those set out in the budget papers.

Senator McLUCAS—We did ask earlier if you could explain the new 200 Medicare office staff and give a breakdown of how many are permanent employees, how many are on contracts and the length of those contracts? I wonder if we could change that question so that it describes more fully where those staff are going to be employed, in what capacity and on what basis—whether they be full-time, casual or contracted.

Mr Leeper—Certainly. I would have to take that on notice, if that is okay.

Senator McLUCAS—Yes, I understand that.

Mr Davies—While we are clearly going back to old numbers, I think I said before the lunch break that the mix of GPs urban to rural was roughly two to one.

Senator McLUCAS—Yes, you did.

Mr Davies—It is actually more like three to one.

Senator McLUCAS—So a quarter of GPs are in?

Mr Davies—A quarter of GPs are in rural and remote areas. In 2002-03 the full-time workload equivalent GPs in RRMAs 1 and 2 was 12,608 and in RRMAs 3 to 7 it was 4,101. So it is about a 75-25 split. My apologies for the initial error.

Ms Halton—While we are coming back to things and as there is a break in the traffic, we have now got a couple of things we said we would get you.

Ms Huxtable—Senator, you asked about the bulk-billing rate for persons 65-plus, which had increased from 74 per cent to 76.9 per cent from December to March, and you asked for the number of services. For the December quarter 2003 the total services provided to persons 65-plus was 5,666,809. The number of services to that population bulk-billed in that quarter was 4,194,122. That gives a bulk-billing rate of 74 per cent. For the March quarter 2004 the total services delivered to the 65-plus population was 5,824,557 and the number bulk-billed was 4,476,856, which is a bulk-billing rate of 76.9 per cent. I also have the same figures for the under-16 population, which I think we discussed. For the December quarter 2003 the total services was 3,422,475 and the number bulk-billed was 2,318,903, which is a bulk-billing rate of 67.8 per cent. For the March quarter 2004 the total was 3,238,482 and the number bulk-billed was 2,311,680, which is a bulk-billing rate of 71.4 per cent.

Dr Wooding—Senator Moore asked an earlier question about how people in aged care facilities were going to receive copies of the brochure. Fundamentally, we are advised by Australia Post that there are two categories of ways that people in aged care facilities receive mail. Some of them receive mail directly to the facility to individual mail boxes or to care of the facility and some receive it, generally, through their nearest relatives or carers in the community. Obviously, in the first category, all those people who receive mail regularly through the aged care facility will receive their own personal copy. In the second category, thank you for alerting us to this, we will explore ways of actually making sure that all nursing homes and aged care facilities receive copies so that the residents will not miss out.

Senator MOORE—The bill will get larger, so that when we get them at the end of July we will be fine. Thank you. It just seemed like an interesting point because there is a significant population in that group.

Dr Wooding—I learnt something from it as well.

Ms L. Smith—Senator Moore, going back to one of your questions around the comprehensive medical assessment, you asked how often this was going to be able to be performed.

Senator MOORE—In a year.

Ms L. Smith—It is once a year.

Senator MOORE—So there is a limit. You had two categories of entitlement: one was once a year, one per person, and then the next one was when the incident occurred that could cause that to happen.

Ms L. Smith—I mixed it up with care plans.

Senator MOORE—Within that process, for this particular service, it is limited to one per person per year.

Ms L. Smith—That is correct.

Senator McLUCAS—I want to correct the record as well. When we were discussing earlier today the time that questions were provided, I was advised that we had 43 questions answered on 8 April and you told me, Ms Halton, that it was 54. That is correct. The figure that is important to remember is that 32 out of 189 were answered within the appropriate time frame.

Ms Halton—I will come back to you later with other information when I have it.

Senator McLUCAS—I have a question, Ms Halton, that goes to the funding allocation for a secure national health information network and also relates to Health*Connect* and Medi*Connect*. Would it be more appropriate to ask that question at outcome 9?

Ms Halton—The secure network is around biosecurity and things of that sort. It definitely does not sit here. I think probably the officers that could answer that are not here yet. They will be here tomorrow.

Senator McLUCAS—I think it fits better with outcome 9.

Ms Halton—I would have thought it was in outcome 1. The things you have mentioned are actually two different things. One is about Health*Connect*, medical records and all of that, and the other is about the secure network, which is actually about biosecurity, which is part of population health.

Senator McLUCAS—There is a misinterpretation of meaning, that is all. It goes in outcome 9.

Senator McLUCAS—There was funding allocated for visudyne therapy in 2002-03. The PBS stated that the usage of the service will be reviewed after two years. Can you tell me where we are up to in this program?

Dr Cook—It is actually under the Medicare benefits scheme, not the Pharmaceutical Benefits Scheme.

Senator McLUCAS—Sorry, I did not mean to say PBS.

Dr Cook—It was commenced in 2002-03 and as yet it has not been reviewed, but that process will be carried out.

Senator McLUCAS—Can you tell me the number of treatments and number of the benefits that have been paid under the service so far?

Ms Huxtable—I have got them year by year and I can probably add them up in my head. The number of treatments in 2002-03 was 4,024 and in 2003-04 I have more than 6,000, so I guess that is not very easy to add up.

Senator McLUCAS—So for 2003-04 to date?

Ms Huxtable—For 2003-04 to date it is 6,000-plus. That is the number of treatments, not the number of patients.

Senator McLUCAS—Do you have it for patients?

Ms Huxtable—Yes, I do. In the first year it was 1,950. For the second year we only have an estimate because as yet the year has not finished. The estimate is 1,700.

Senator McLUCAS—Can you give me an understanding of when the review is likely to commence?

Ms Huxtable—We are monitoring the uptake. Meanwhile, there is a further consideration by MSAC of the use of visudyne in respect of other types of lesions. As yet that has not been finalised so we will consider the future of the program when we are able to consider that report in its entirety. As yet that report has not been finalised.

Senator McLUCAS—Do you expect it at any particular time? Is there usually a time frame from MSAC?

Ms Huxtable—I anticipate that the report would be finalised fairly shortly.

Senator McLUCAS—The budget allocation was $139.8 million over four years. I am aware that about $25 million has actually been used of that budget. Why has the spending been so much less than you thought it would be?

Ms Huxtable—The budget estimates were based on the expectation of the number of patients who would require the therapy or would receive the therapy based on the projections that came out of the MSAC process when the technology was initially considered. As it turns out, there has not been the same number of patients who have presented for the therapy so it relates only to the patient throughput issue.

Senator McLUCAS—Is the problem to do with clinicians knowing the availability of the service or the analysis of its suitability to various people who may need it not being as high as MSAC originally thought?

Ms Huxtable—It appears that one of the factors is that the number of treatments a year that a patient receives has ended up being less than what MSAC anticipated it would be. I am not sure I can cast any more light on that.

Dr Cook—MSAC projected an average of about five treatments per patient and so far it does not look as if that is the case.

Senator McLUCAS—How many on average?

Dr Cook—About 2.75 in the first year on average.

Senator McLUCAS—There has been quite a bit of commentary about the prevalence of doctor shopping around the nation, particularly in the Northern Territory. What is the department doing in response to this issue?

Ms Halton—We are conscious of this in a policy sense, but I think the Health Insurance Commission are the ones who principally address the issue.

Mr Davies—I think Dr Mould has actually succumbed to her illness.

Ms Halton—I have already told her that we at the health department are not a good advertisement as we all turn up snuffling with little voice.

Mr Davies—I think colleagues will step into the breach.

Ms O'Brien—The question was: what is HIC doing to address the issue of doctor shopping? HIC has a program called the prescription shopping program which it is administering, which aims to identify patients who are making excess use of PBS medications and to intervene with those patients or with the doctors of those patients. The intervention is basically a release of information to the doctors of the patients to inform the doctors of the patient behaviour.

Senator MOORE—What stimulates that intervention?

Ms O'Brien—The process HIC has in place is a legislative determination which identifies use of PBS or visits to GPs which identify particular patients. If a patient, for example, has 50 PBS items over a three-month period, they will be identified under the project. The HIC compliance pharmacists will then review that patient use of medication and determine whether that use is appropriate or whether in fact it does appear there is an issue with this patient obtaining excess medications.

Mr Leeper—If you wish, we can mention the criteria, but I think it is probably best that we do not, because they relate to the numbers of prescribers seen, items dispensed and prescriptions written. If we mention those numbers I fear some adverse reaction amongst those who are of a mind to do so.

Senator MOORE—But there is actually a guideline that is HIC determined.

Ms O'Brien—It is actually in the ministerial determination, so it is legislatively based. The HIC compliance pharmacists will review the patient history and either contact the patient or contact the patient's prescriber or, in a number of instances, all the prescribers of that patient.

Senator McLUCAS—That is the program that replaces the hotline?

Ms O'Brien—That is the prescription shopping project.

Senator McLUCAS—In terms of the issues of confidentiality, which I understand were the problem with the hotline, you have got around that through the legislative determination—is that right?

Ms O'Brien—The legislative determination enables us to release information to medical practitioners without patient consent, which is obviously a privacy issue.

Senator McLUCAS—How successful is this project in identifying and assisting doctor shoppers?

Ms O'Brien—The project has only been operational since December 2003, so it is still too early to have undertaken an evaluation.

Senator MOORE—When you are identifying through the process and you are at that step of the internal pharmacist review, if they find that one particular practitioner's name or practice continues to pop up for any reason, is there an internal process for what happens then?

Ms O'Brien—Yes. What our pharmacists might decide is that the particular issue looks to be more of an issue of the practice of a particular general practitioner than the patient. If that is the case, that situation will be referred to our medical advisers that Dr Mould discussed this morning.

Senator McLUCAS—When are you looking to review the effectiveness of this program?

Ms O'Brien—We need to report each year on the savings that we achieve under this project, so we would have a report in the first quarter of next financial year as to the results achieved in the current financial year. We would do that on an annual basis over four years of this program.

Senator MOORE—What would the savings be?

Ms O'Brien—We are targeting savings of $19.9 million over four years under this project. So around $5 million a year is what we are aiming to achieve.

Senator MOORE—And that would be through the reduction in the use of the PBS scheme?

Ms O'Brien—Correct.

Senator MOORE—I am just trying to find how you would identify the savings.

Mr Leeper—Ms O'Brien said we started these interventions in December. Since that time, some five months, there have been 313 interventions completed nationally involving almost 1,200 patients.

Senator MOORE—That is very significant.

Mr Leeper—One hundred and eighty of those were prescriber interventions; 114 were no particular prescriber interventions around patients, including about 1,500 letters being issued under that as well; and three were face-to-face contact with patient interventions. There was some referral of prescribers outside the project, but that was the point Ms O'Brien was mentioning—that sometimes information comes up to suggest we should look at some other dimensions of activities—and there are a further 103 interventions in progress nationally.

Senator McLUCAS—There seems to have been a lot of coverage about this issue in the Northern Territory. Could you give us an indication if there is an unusual level of inappropriate behaviour, shall we call it, in the Northern Territory?

Senator MOORE—Unusual incidents.

Ms O'Brien—I could take that on notice. We do not have data on a state basis with us. We do have data on the number of patients who meet the project criteria at any particular time across Australia, and that would indicate, for example, if the ratio of Northern Territory patients identified within the project was out of the range of what we would expect. We could provide that.

Senator MOORE—As this project seems to be a proactive compliance measure in the overall scheme, how is it actually advertised to doctors, pharmacists and health care centres? Is it more like a warning saying, 'There is a process in place that if you are part of this kind of behaviour there are ways that it will catch up with you?' Is there an information process along those lines?

Ms O'Brien—Prior to commencement of the intervention program, we did undertake some community awareness around the program, including fairly extensive communications on the project to doctors throughout the country about what they could expect to see happening as a result of the project.

Senator MOORE—Were there posters and leaflets et cetera?

Ms O'Brien—There were, yes.

Senator MOORE—And is that part of the review when you have to report back—the possible impact of the information strategy? Is that being looked at as well?

Ms O'Brien—We could look at that. Our thinking around the review to date has been very much focused on the achievement of savings, because that is certainly what drives us with this project.

Senator MOORE—I feel, as a compliance measure—using compliance in other agencies—sometimes the message itself getting out there is as effective in some ways as the actual actions.

Ms O'Brien—Yes, the deterrent effect.

Senator MOORE—Could I suggest that when you are looking at the process of review it may be considered?

Ms O'Brien—Yes.

Mr Leeper—We have consulted with and continue to consult with the major stakeholders, including the AMA, the Pharmacy Guild, the Pharmaceutical Society of Australia and the Divisions of General Practice. So that dialogue has been conducted in the development of the measures and we will keep that dialogue open as the program rolls out.

Senator McLUCAS—Is there any consideration of going back to the hotline type proposal?

Ms O'Brien—We had discussions with the medical bodies and the Privacy Commissioner on the commencement of the project around the establishment of an information service for general practitioners. Our advice at the time of those discussions was that it was not seen as a priority and that we should reconsider the issue six months into the project. We are now just starting that process and we are in the process of conducting research with those groups as to how such an information service might be utilised and might be accepted. So it is certainly on the drawing board with us.

Mr Leeper—The doctor shopping program focused mainly on only three drug groups—benzodiazepines, narcotic analgesics and codeine compounds. The prescription shopping project covers all PBS medicines. We have actually broadened the reach of the program.

Senator MOORE—And the review and the savings will be able to indicate which particular PBS drugs people were perhaps misusing, so it will be a bit of a review about what is the most popular and that kind of thing?

Mr Leeper—Yes.

Ms Halton—I think we know that historically there is a geographical difference.

Senator MOORE—Yes.

Ms Halton—Senator McLucas raised the issue in relation to the Northern Territory. I suspect we could all be fairly accurate if we speculated on what some of that is about, given patterns of use.

Senator McLUCAS—It sometimes troubles me, though, that you get reportage in the newspaper from a regional area that does not necessarily understand the extent of it in other regions, and it is worth while trying to get some clarity on whether or not it is in fact true.

Ms Halton—That is absolutely true. At the end of the day, understanding what those geographic differences are and how they relate to the variety of things that this may actually reflect, and then how you reflect that in treatment programs and other things, is very important.

Senator McLUCAS—Mr Leeper, you said that this project looks at a broader range of pharmaceuticals. Are you finding that there is inappropriate use of other pharmaceuticals that is coming through in the work that you have done to this point?

Mr Leeper—I do not have the information in front of me, Senator. I do not know whether Ms O'Brien has some views or information.

Ms O'Brien—Under the original project when the criteria were first run, there were 14,000 patients identified as meeting the then doctor shopping criteria of excess use of those three particular drugs. At any one time we have between 20,000 and 25,000 patients who meet the criteria under the revised project. That would suggest to me that there is widespread use of the broader drugs—

Senator MOORE—In other areas?

Mr Leeper—Yes.

Senator McLUCAS—Can you give us an indication of what those groups may be?

Ms O'Brien—Again, we do monitor them by the broad categories of medicines that are being utilised. We would have that information back at HIC.

Mr Leeper—We can provide that on notice, Senator. The Australian treatment category classification is—

Senator McLUCAS—Just the types.

Mr Leeper—There are about 15 different categories that we can provide on notice.

Senator McLUCAS—Thank you. I understand that the program called the improved monitoring of entitlements involved working with pharmacies to make sure that everyone had a health care card.

Ms Halton—We were wondering when they were going to get a guernsey, Senator.

Senator McLUCAS—I am trying to share it around. I understand that a review of that particular program was going to be undertaken in 2003-04. Am I right in thinking that?

Mr Rennie—Yes, that is true.

Senator McLUCAS—Has that occurred?

Mr Rennie—Yes.

Senator McLUCAS—When was that completed?

Mr Rennie—That was done within the department and was completed in time to inform this last budget process.

Senator McLUCAS—What did the review find?

Mr Rennie—It found from a savings perspective that the measure had proven to be successful and that it was generally working very well.

Senator McLUCAS—I am trying to get my head around the total amount of money. The figure of $14.8 million was for 2003-04—is that right? I just want to get an understanding of how much was allocated over the years that the program has been operational. The pharmacy development program was the precursor—is that correct?

Mr Rennie—No, the pharmacy development program is a program under the third community pharmacy agreement between the government and the Pharmacy Guild. It is not associated with the IME. IME involves the collection of Medicare numbers in the pharmacies.

Senator McLUCAS—So there is no relationship between that and the pharmacy development program?

Mr Rennie—No, other than that, once again, the pharmacy development program is associated with community pharmacies and the IME program has essentially been run through community pharmacies, with the pharmacists collecting the Medicare numbers.

Senator McLUCAS—So the review was undertaken and found to be effective. I understand that $8.5 million is allocated in 2004-05 and $2.8 million in 2005-06. Can you give me an understanding of why those figures are so different?

Mr Rennie—The government has made a decision to continue the payment of 5c per prescription to pharmacists for recording Medicare numbers, and that payment is to continue until the completion of the current community pharmacy agreement which expires on 30 June next year. It is paid retrospectively, so there was a small amount to be paid in the following financial year for Medicare numbers collected in 2004-05.

Senator McLUCAS—So the program will finish at the end of this coming financial year and there will be a bit of cost in the one after?

Mr Rennie—That is true.

Senator McLUCAS—The review was done internally. Is that a public document?

Mr Rennie—I could take advice. It was a departmental paper provided to the government as part of the budget process. I would have to take advice as to whether that could be made available.

Senator McLUCAS—Thanks. There was a trial that was to be operated in pharmacies and with GPs around anticoagulants.

Mr Rennie—Yes, that is true.

Senator McLUCAS—Is that your area?

Mr Rennie—Certainly. The funds were available. Once again, under the third community pharmacy agreement funds are provided to the Pharmacy Guild to undertake R&D type projects and that particular trial is one of those projects.

Senator McLUCAS—There is some question around that the pharmacy trial was started before the GP trial. Can you give me an understanding of what the issue might be there?

Mr Rennie—The pharmacy trial is a small trial being conducted through the Pharmacy Guild to investigate whether a pharmacy working collaboratively with GPs could improve the health outcomes of people on anticoagulant therapy such as Warfarin. The trial, I understand, involves 10 pharmacies, essentially in Sydney. There is one in country New South Wales. It involves 100 patients—50 are the intervention group and 50 are the control group. That is what I can tell you about the pharmacy trial. I will have to call on my colleagues to talk about the GP trial. It is not something that I am au fait with.

Dr Cook—The GP trial is much more extensive, and it moves around a whole range of items—pathology tests that are going to be trialled as point-of-care testing. I can give you the names of those specific items, if you want.

Senator McLUCAS—Just give me an overview of what the intent of the GP trial is.

Dr Cook—It came out of an MSAC review of cholesterol testing that was done back in 2001, I think. At that time it was not shown that point-of-care testing per se had been shown to be cost effective, but it was felt to be an important and emerging issue. It was therefore decided that a trial should be done and the minister agreed to the trial being done. That has taken a considerable period of time to establish because there were no precedents around the use of point-of-care testing at this level. Some small pathology tests were done in general practice, but they did not require sophisticated machinery where you absolutely needed to know the quantitative outcome. The three pathology tests are INR, HBA 1C—which is a monitoring test for diabetes, cholesterol and triglycerides—and the final one is micro-albumen, which is a urine test not a blood test.

Senator McLUCAS—And they can be delivered quite easily at a pharmacy?

Dr Cook—No—these ones are delivered in general practice. The general practice trial is much bigger and looks at four particular tests. It is anticipated that there will be at least, I think, 6,000 tests provided by GPs. It will be a randomised, controlled trial with centres. It will look to see what is the impact of a practitioner doing the test at the time the patient is there versus doing the test with the patient going to the laboratory and then coming in to get the result. So it is really looking at point-of-care testing, and is it effective in terms of delivering health outcomes.

Senator McLUCAS—In terms of the pharmacy trial, what happens? A person comes in and is identified as a potential—

Mr Rennie—I do not know the details of the actual trial. As I said, it has been organised through the Pharmacy Guild. But I can say the trial had the approval of the Sydney University ethics committee before going ahead. The pharmacists are trained to use the actual device before doing so. I do not know the details of how it is being rolled out.

Senator McLUCAS—Was there consultation with GP groups as well as the Pharmacy Guild prior to the advent of the trial?

Mr Rennie—I do not know whether the chief investigator who is undertaking this trial did, but no doubt he would have had to talk to the GPs because they are an integral part of this trial—the GPs and the pharmacists. I am not aware of whether he spoke to the representative groups or not.

Senator McLUCAS—There seems to be a bit of disquiet from some of the GPs about the appropriateness of pharmacists doing this. I am not saying I agree with that, but I am trying to understand why the disquiet is there.

Mr Rennie—It has certainly been in the medical press. There have been a couple of articles that I have seen in the *Medical Observer* expressing that view.

Senator McLUCAS—Have there been discussions between your section of the department and GP organisations to try and—

Mr Rennie—Not on this particular issue. No-one has come to me to discuss it and I have had no need to go out. It is from reading the trade press, if you like.

Senator McLUCAS—Can you advise the committee under which program the General Practice Immunisation Incentive Scheme is actually funded?

Ms L. Smith—The program is funded under outcome 2 through the Practice Incentives Program.

Senator McLUCAS—The minister put out a press statement recently that said the Alternative Funding for General Practice program.

Ms L. Smith—Yes, that is the name from which the PIP funds come as well. It is the same.

Senator McLUCAS—It is the parent body of PIP funds?

Ms L. Smith—That is right.

Senator McLUCAS—How much is allocated to that program? Can you tell me how much is allocated to the GPII?

Ms L. Smith—It is around $40 million a year.

Senator McLUCAS—Is funding for the program ongoing?

Ms L. Smith—Yes.

Senator McLUCAS—How much is allocated for the budget of 2004-05?

Ms L. Smith—I need to go back a bit. The funding for the Alternative Funding for General Practice program is ongoing. The General Practice Immunisation Incentives program needs to be redetermined from time to time—not the actual funding, but the program itself.

Senator McLUCAS—Can you point me to the right page then?

Ms L. Smith—I do not think it is in the PBS because the funding is ongoing.

Senator McLUCAS—How much was allocated to the Alternative Funding for General Practice program for 2003-04?

Ms L. Smith—It is about $243 million a year.

Senator McLUCAS—Of which about $40 million in the current financial year will go to the GPII program?

Ms L. Smith—That is right.

Senator McLUCAS—What is the funding for 2004-05 for the parent program?

Ms L. Smith—There is around another $40 million in 2004-05 for the General Practice Immunisation Incentives program.

Senator McLUCAS—There has been some uncertainty about whether the program is continuing. What is the process that you are up to that is causing this uncertainty?

Ms L. Smith—There was a review process for the program which was completed late last year. Whether the program is ongoing or not is a decision for the minister and I believe that decision has now been made. The program is ongoing. He announced earlier in May that that was the intent, and that has been confirmed.

Senator McLUCAS—I turn now to PBS generics. Ms Corbett, previous budget provisions have provided for the increased use of generic pharmaceuticals with savings, I understand, of $110.9 million over four years. Can you tell us what savings have been made to date against that provision?

Ms Corbett—I do not believe I have that figure with me, but certainly we can get that for you on notice. There was some delay with the implementation of the measures so the full savings target was not met, but the exact figure I do not have with me.

Senator McLUCAS—So that is for the last financial year?

Ms Corbett—Yes.

Senator McLUCAS—But you can get that quite readily, can you?

Ms Corbett—Yes, I can get that quite readily.

Senator McLUCAS—What are the expected savings to the PBS from drugs like the statins, the cholesterol-lowering drugs and the serotonins, which treat depression? I understand that a series of those drugs are coming into the generic mode soon. What are the expected savings for those two classes of drugs?

Ms Corbett—It is an issue that we are certainly grappling with, but it is difficult to estimate what the savings will be. As you are probably aware, our price referencing system has some particular strengths and a number of different methodologies that it uses, but in

many instances what will determine the actual savings is the price offered by new pharmaceuticals coming in. So if the first generic to come in after the patent expires on an originator drug comes in at a substantial price reduction we will make substantial savings. In a case as big as the case around the statins, we are certainly hopeful that we will be able to make a substantial saving, but to estimate what that would be at this much distance out is very difficult. We are interested in trying to get a grip on that as we get closer to the time but we cannot give you a detailed analysis on it.

We are very mindful of a number of significant points coming up over the next four or five years where a significant group of drugs will reach the end of patent life on originators. We are very keen that indeed there is benefit back into the PBS from the generics. So we are very supportive of the generics industry and very keen to work with them to make sure that we get good generic products at the earliest opportunity when patents expire.

Senator McLUCAS—In terms of the forward estimates, do they reflect the fact that these major drug groups are going to become generic?

Ms Corbett—At this point, no, the forward estimates do not. Our forecasting model does not build specific price drops into the forward thinking. We do look at the volume changes and we do monitor for other shifts in the use patterns around particular drugs. Often as originator drugs are coming close to the end of their patent life there is a decline, but not in the case of the statins. With various drugs, the patents are quite unpredictable. We try and monitor them with our forecasting model, but we have not at this point built into the forecasting model savings against the expiry of patents.

Mr Davies—I think in a sense this is another of those 'too much information' areas where if we did put forecasts out there then the price we would obtain for the drug would probably end up uncannily close to the forecast cost, whereas we would rather just have downward competitive pressure on the price.

Senator McLUCAS—Of course. Ms Corbett, you said that there were shifts in use especially towards the end of a patent, before a drug comes off patent. Is there any analysis of why that is in fact the case?

Ms Corbett—What has happened with some significant drug groups coming to the end of patent life is that other products have come into the market, prescribers have picked up on newer and sometimes genuinely innovative drugs and the prescribing patterns have shifted. But there is no consistency about that pattern. For instance, with the statins we do not necessarily expect that it will be that pattern at all. The antidepressives that you mentioned are a group where there have been quite interesting and shifting patterns around the use of particular ones.

Senator McLUCAS—You may want to take this on notice. Could you give us a list of what drug groups are expected to come off patent in the next five years?

Ms Corbett—Yes, it is possible to do that with the major drug groups.

Senator McLUCAS—Thank you. I understand that some analysis was done by Lateral Economics for the generics manufacturers. Are you aware of that piece of work?

Ms Corbett—Yes, and we have had discussions with the Generics Medicines Industry Association about the findings of that work and their views on that.

Senator McLUCAS—They are predicting a saving of about $1 billion over four years. Have you done any analysis of whether or not that is possible?

Ms Corbett—We have looked at that work with interest, and we do think that the assumptions that underpin that large estimate are optimistic assumptions. They have made optimistic assumptions in that work; I am not saying it is not legitimate work but they are at one end of a spectrum of what might happen. As I say, we are grappling with whether we can do better in the estimation game, and it is very difficult. We will continue to monitor that and be interested in other work that is done. We have certainly discussed with the Generics Medicines Industry Association an interest in learning from anything that they are working with in order to understand that better.

Senator McLUCAS—Thank you. There is an issue around UMP support payments for allied health services. I think HIC might be part of this discussion as well. I understand there are some allied health professionals who were previously insured with UMP and whose retrospective cover with the UMP was $5 million but under the new system they have to have $10 million. Is that how you understand it, Mr Maskell-Knight?

Mr Maskell-Knight—I am not aware of that particular issue.

Senator McLUCAS—I am advised that a particular speech pathologist was insured with UMP and after the collapse of UMP arranged retrospective cover through the speech pathologists association. I am sorry; the UMP cover was for $10 million and the new insurer was for $5 million. As a result of that the HIC will not accept the level of cover provided by the new insurer and requires this particular firm to continue to pay the UMP support payment.

Mr Maskell-Knight—I understand what the issue is now. My understanding is that it is not quite correct to say that the pathologist had a particular level of cover with UMP for more than the most recent 18 months before UMP went into provisional liquidation. The issue is that before that time—I think it was before the end of 2000—members of UMP had unlimited discretionary cover. That meant that UMP could indemnify them for whatever the amount was that the member was successfully sued for. The regulations around the UMP—who has to pay the UMP support payment—say that if you have bought full retrospective cover with another insurer to cover the period during which you would otherwise be covered with UMP then you do not have to pay the UMP support payment. In other words, as long as there is no residual incurred but not reported liability left with UMP in respect of your past activities then you do not have to make the UMP support payment.

The issue is that there are a number of former members of UMP, as I understand it, who are having difficulty in obtaining full, unlimited, retroactive cover. It is not so much that they can get only $5 million rather than $10 million; the issue is that there is a limit at all. There were discussions between my staff and the Health Insurance Commission about whether it is appropriate to frame regulations to exempt people who have a low risk but who have not been able to obtain full, unlimited, retroactive cover.

Senator McLUCAS—And those discussions are still going on?

Mr Maskell-Knight—That is still a policy issue which is being worked through.

Senator McLUCAS—Thank you. I turn to the medical indemnity 2005 policy review working party. The new working party is discussed in the PBS. When will they commence meeting?

Mr Maskell-Knight—The government have not made a decision on that yet. The intention that was announced in December last year was that the review would be carried out after 18 months. The funding for the review has been split between this next financial year and the one after that on the basis that there will clearly be some preparatory work carried out at the end of the 2004-05 financial year, with most of the work being carried out in the subsequent year. But there has been no decision about exactly when the meetings will take place, who will be at them or any of those issues.

Senator McLUCAS—That explains the differential in the allocations over the forward years?

Mr Maskell-Knight—Yes.

Senator McLUCAS—So basically there has been no preparatory work?

Mr Maskell-Knight—No.

Senator McLUCAS—I want to ask some questions about Medicare offices—where they are located.

Mr Davies—That is HIC again.

Ms Dunne—I may be able to help with that.

Senator McLUCAS—Could you provide us with a list of where all Medicare offices are located around Australia.

Ms Dunne—Certainly.

Senator McLUCAS—Is the HIC planning to open any other new Medicare offices?

Ms Dunne—We do plan to open two new offices in Victoria—in Narre Warren and Rosebud. They should be operational towards the end of July.

Senator McLUCAS—What is the planning process to open a new Medicare office? I am sure you get lots and lots of letters from lots and lots of people.

Ms Dunne—We certainly do. We have criteria for the opening of new Medicare offices. We assess every request that we receive against those criteria. I can give you a copy of those criteria.

Senator McLUCAS—That would be terrific.

Ms Dunne—I can give you that with the other documentation.

Senator McLUCAS—Thank you.

Ms Dunne—We also assess the need for reallocation of resources or offices against those criteria. Once we have made a decision that we will actually open an office that has met the criteria, the process is to advise the minister's office that we intend to do this and look for suitable premises.

Senator McLUCAS—Are any reallocations proposed?

Ms Dunne—There are no reallocations proposed at the current time.

Senator McLUCAS—In your experience, when you have advised the minister's office has the minister accepted that advice?

Ms Dunne—Yes.

Senator McLUCAS—What is the average lead-in time from when you make a decision that a new office needs to be open; how long does it take to get that happening?

Ms Dunne—It all depends on the availability of a suitable location. With the Narre Warren location, for example, we wanted to establish an office in the Fountain Gate shopping centre and there were no vacant offices. So it depends on how management can accommodate our request. More often than not there is an opportunity to move tenants around. It basically depends on the availability of a site but, assuming there is something available early, the process should not take more than four to six months.

Senator McLUCAS—What is the total cost of the set-up and establishment of a Medicare office? I dare say they are not all the same—you will get larger ones and smaller ones.

Ms Dunne—From memory, Narre Warren is a large office; it is about 11.5 FTE. The set-up costs would be of the order of $313,000. The ongoing costs would be of the order of $770,000. That would be the approximate cost for a large office. Rosebud is a smaller office—around five FTE. The set-up costs for that one are not much lower—around $300,000—but the ongoing costs are around $330,000. I can check those figures for you.

Senator McLUCAS—Thank you; that is fine.

Proceedings suspended from 5.12 p.m. to 6.45 p.m.

CHAIR—I call the meeting to order and advise that we are now on outcome 3, Enhanced quality of life for older Australians.

Senator FORSHAW—I have quite a lot of questions which go to the various parts of the budget announcements on aged care and particularly those that flow out of the Hogan report. I will start off with a few general questions about the report before moving into specific budget items. The Hogan review cost $7.2 million; is that correct?

Mr Mersiades—That was the allocation provided by the government to conduct the review.

Senator FORSHAW—Was it all spent? Was there a request for more money?

Mr Mersiades—There was no request for additional funding. It was undertaken within that allocation.

Senator FORSHAW—Would you provide a breakdown of the $7.2 million into its various components.

Mr Mersiades—The major items for the review revolved around the costs of the regular meetings of the review's two advisory groups; the costs of conducting extensive consultations around Australia—the professor visited all the states and territories and several regional centres; the large cost of engaging consultants to conduct some research and support work for

the professor; of course the costs of the review team itself; and the modest remuneration for the professor in line with the Remuneration Tribunal provisions.

Senator FORSHAW—I would like a detailed list of the amounts for each of those items—in other words, a summary of the amounts within the $7.2 million that was spent on each of those elements and any other elements that you have not mentioned there. You have not mentioned printing, for instance. That may or may not have been included, I do not know.

Mr Mersiades—I talked about the major items.

Senator FORSHAW—Can you provide me with a list. I do not need it now.

Mr Mersiades—I can undertake to do that for you.

Senator FORSHAW—With the dollar amount for each one. Can you tell me how much the modest remuneration was for Professor Hogan?

Ms Murnane—It was as set by the Remuneration Tribunal.

Senator FORSHAW—I want to know the amount.

Mr Mersiades—We think it is around $150,000 over two years, but we would have to confirm that. As I said, it is a set rate determined by the Remuneration Tribunal for part-time office holders.

Senator FORSHAW—Then of course there are all the costs that go with Professor Hogan's travel and the travel of other members.

Mr Mersiades—That would be additional to that.

Senator FORSHAW—We had a discussion on the last occasion about whether or not the report had been finalised. Paraphrasing the response, the answers to questions were that the draft report had been provided to the government by Professor Hogan. Then my recollection was that it had been described by Ms Halton as an indication of the professor's thinking. We were talking about a time frame of late last year—November-December. Can you tell me when what is called the final report—this 360-odd page document plus a summary—was provided to government?

Mr Mersiades—The final report was provided to government on 5 April.

Senator FORSHAW—That is the date, then, that is on the letter in the front of the report.

Mr Mersiades—I hope so.

Senator FORSHAW—What was provided to the government department prior to that date by Professor Hogan? Were draft reports provided?

Mr Mersiades—There were a number of documents provided over a period of time to the government, and I can go through them if you like.

Senator FORSHAW—Will that take much time?

Mr Mersiades—No, because there are not very many. There was a collection of essays type report, which was provided on 27 November. There was another document dated 29 January, which had a title a bit like an essay being an explanation and a summary of the report. There was a further document on 10 February, which was just titled 'A summary' and

on 19 February there was a formal summary called 'A report described in accompanying letter as an explanation of the thinking and strategy underlying the report'. Then on 26 February there was the summary report provided which equates to the one that was printed and published.

Senator FORSHAW—That is this thin summary of the report document which has, as you have just stated, a letter addressed to the minister, the Hon. Julie Bishop, dated 19 February 2004. Could the committee be provided with copies of those other documents that you have referred to? We obviously have the summary of the report.

CHAIR—Can I just seek clarification of those. I thought those documents were confidential notes, in effect, to the minister. They were working documents as opposed to final documents.

Senator FORSHAW—I am trying to ascertain the status of those documents. That is why I asked the question: can we be provided with them?

Mr Mersiades—We can provide copies of the short version ones that I mentioned dating from 29 January onwards. The November one, which I described as a collection of essays, is very much a deliberative document and does not represent the considered thoughts of the reviewer. It was a point in time; it was not a milestone document in terms of being a draft. It more or less reflected the views of the staff drafting specific sections of the report, so it would be misleading to see that as any indication of the professor's thoughts.

Senator FORSHAW—With that explanation, could you provide it? I take it the answer is no.

Ms Halton—It is a working document, Senator.

Senator FORSHAW—Okay. Has the department received freedom of information requests for documents relating to the Hogan review?

Mr Mersiades—Yes.

Senator FORSHAW—Could you tell me what documents have been provided?

Mr Mersiades—We have undertaken to release the ones that I referred to earlier.

Senator FORSHAW—Is that the total of the documents that you have provided?

Mr Mersiades—Yes. We have not provided them; we have undertaken to release them.

Ms Halton—Yes, we have agreed to release them. We are not at the stage in the process where they have been released yet.

Senator FORSHAW—Is there a delay for some reason?

Ms Halton—There is a process. It goes—

Senator FORSHAW—Through the FOI Act—is that what you are saying?

Ms Halton—Exactly.

Senator FORSHAW—Was Professor Hogan ever requested to amend any recommendations or any of the detail in his final report by the department or the government?

Mr Mersiades—There are two parts to that question. The department did not request Professor Hogan to—I think the word you used was 'amend'.

Senator FORSHAW—In that, I include delete or change.

Mr Mersiades—No, the department did not do that. We have no indication that the government did either.

Senator FORSHAW—Is the minister able to answer that in any more detail as to whether or not there was any request from the government to Professor Hogan to amend any of the recommendations in his report?

Senator Ian Campbell—There was certainly nothing that I know about.

Senator FORSHAW—Would you take it on notice and advise me whether that is correct? I appreciate you are the minister representing the minister.

Senator Ian Campbell—I will see if the minister has anything to add. If she has anything to add then I—

Senator FORSHAW—I understand you may take it that way.

Senator Ian Campbell—She is available in the House of Representatives question time every day for questions. She has not had one for a while. I think she is so good at answering questions that the Labor Party has given up asking her questions.

Senator FORSHAW—Yes.

Senator Ian Campbell—She is. There is an accountability process and that is part of it, but I will see whether she has any information to provide to the committee and if she has, I will provide it.

Senator FORSHAW—It is a reasonable question, Minister. The government and the department had been provided with, over a fair period of time, indications of Professor Hogan's thoughts, drafts or essays on the final report. It is a logical question to ask whether or not in the course of that period of time the report was amended, because this was not a report that was just prepared by the person asked to prepare the report and then presented to government. It was actually provided to the government through a different process, if you like.

Senator Ian Campbell—I think that is contrary to the evidence that is before the committee tonight. We have outlined a process, a very constructive process. The government has received all those documents and the final report has gone through a policy process itself. It has delivered a policy, delivered significant resources to support that policy and published the report, unlike the previous Labor government who published a report and did nothing about it. We have actually generated an expert report, created some solid policy, funded it and delivered it. I know that is very frustrating for Labor Party senators who just like to focus on process—who did this, when did they do it, who wrote to whom and who spoke to whom—but we actually had a process, developed a policy, delivered the money for it and now we are delivering the policy. I know it is frustrating for you, but that is the reality. You will probably spend the next hour saying, 'Who said what?'

Senator FORSHAW—No, I will not. I will spend the next hour asking questions on the government's package and that is what I am trying to do.

Senator Ian Campbell—Good. I have answered your question. I have said I will ask the minister if she has any further information to provide to the committee.

Senator FORSHAW—That is all I wanted, thank you. Can we move on?

Senator Ian Campbell—Certainly.

Senator FORSHAW—I turn to the budget measure regarding funding of improved standards of accreditation. This is at page 136 of the PBS. It is stated in the PBS that it is a one-off grant of $513.3 million in 2003-04—that is, in the current year. It is based upon an amount to be given to providers of $3,500 per aged care resident and it is in recognition of the forward plan for improved safety and building standards and, in particular, the improved fire safety requirements. Isn't it the case that aged care facilities were supposed to meet fire safety certification standards by 2003?

Ms Bailey—Certification was introduced in 1997 and all homes were certified against that instrument. That is the certification benchmark. There was an agreement between industry, consumers and the department that there would be a 10-year forward plan for higher benchmarks to be achieved over the next 10 years. There was one for 2003 which related to a safety score, including fire safety, and one for 2008 which impacted on ratios—the number of residents per room, per toilet and per shower. Certification is a once-off event and it is not time limited, so all homes were certified in 1997 and they remain certified.

Senator FORSHAW—Is it the case that they all met the fire safety standards?

Ms Bailey—A range of homes have been assessed against the 1999 certification instrument which sets out the scores for that. Of those, I would have to check the numbers but over 1,000 have been assessed—although it is not compulsory to be assessed against that—and they have achieved the benchmark.

Senator FORSHAW—Have some failed to achieve it?

Ms Bailey—Some are still working towards achieving it.

Senator FORSHAW—Do you know how many?

Ms Bailey—I would have to check the number. We have not done a full industry audit but we did conduct a series of voluntary assessments against the 1999 instrument, so we have some figures that we could provide. I would have to take it on notice, Senator.

CHAIR—I would be interested, if you are taking that on notice, to see how that compares with the Gregory report, where it was indicated that a large percentage of homes did not meet required fire safety standards.

Ms Bailey—I am not sure whether the measurements were the same but I can certainly look at that for you.

Senator FORSHAW—The fire safety standards are requirements laid down by the various states, aren't they?

Ms Bailey—That is right. That is in relation to the building safety standards.

Senator FORSHAW—With respect to your last answer, could you expand on that? You said that is in relation to buildings; what about other fire safety standards?

Ms Bailey—The major fire safety standards are contained under the Building Code of Australia and they relate to the whole range of fire prevention, evacuation and fire maintenance systems. There are also in the accreditation standards areas that the agency looks at in relation to staff training, evacuation training and maintenance programs. So it is covered in both certification and accreditation as quality measures. The legal obligation for measuring the fire safety of aged care homes rests with the various state and territory organisations.

Senator FORSHAW—What has been happening, until this measure, in respect of those homes that have not met the appropriate standards in 2003?

Ms Bailey—Two things have happened. Firstly, those homes that were assessed gave the department an indication of what they were doing to achieve the target. Secondly, the government introduced in October last year a new annual fire safety declaration process which was aimed at providing a greater level of assurance that all aged care homes were meeting the relevant state and territory legislation. We made it an obligation under the quality of care principles that every approved provider had to submit one. Of course, to provide false or misleading information to the Commonwealth is an offence under the Criminal Code. It should be stressed that meeting the certification requirements is not necessarily in parallel with the state and territory fire legislation. That is the first test that they all must meet.

Senator FORSHAW—With respect to those facilities that currently do not meet those standards or have not been brought up to the level of the others that have been certified, by what date do you expect them to do that?

Ms Bailey—The first round of fire safety declarations has been sent out and we have received all but five responses. Of those, 363 indicated they may have some level of noncompliance with state and territory fire legislation and we have referred all of those to the relevant local councils for the councils to follow up. We would expect them to take prompt action to follow up those matters.

Senator FORSHAW—Have you indicated a date by which you say they should meet this?

Ms Bailey—No, there is no date specified. There will be an annual fire declaration process and each year they will have to participate in that.

Senator FORSHAW—What other building standards are referred to in this measure? It says the grant 'is in recognition of the forward plan for improved safety and building standards'.

Ms Bailey—The second part of the 10-year forward plan relates to the ratio space for existing homes. There are no more than four residents per room and I think it is six residents per shower and toilet. For new homes, it was an average of 1.5 residents per room and, as I recall, it was three residents per shower and toilet. There were different space ratios for the 2008 part of the plan.

Senator FORSHAW—These have to be met by 2008.

Ms Bailey—That is the target date.

Senator FORSHAW—Who will be assessing those standards?

Ms Bailey—There is a range of qualified building professionals who can use the certification instrument to assess a home. They can provide the information to the department that it has been carried out by a qualified assessor, and it will be noted on our records.

Senator FORSHAW—Is that a list that the department provides?

Ms Bailey—We do not sponsor a list; we just nominate categories of people who would be appropriate—building surveyors or people registered with professional bodies. We try not to be too specific because of the issues in regional Australia.

Senator FORSHAW—But you would have indicated the appropriate professional qualifications, registration or whatever.

Ms Bailey—Yes, and they can seek clarification.

Senator FORSHAW—How many facilities have already met the standards and how many have not?

Ms Bailey—For 2008 in respect of privacy and space—

Senator FORSHAW—They are the ones I am talking about.

Ms Bailey—As I said, we have not done a full industry audit but, from information we have from our original assessments and information we have gained since then, it could be as high as around 87 per cent and 90 per cent that have already met the standards. There has not been a full industry audit to test it. That is what people will demonstrate to us.

Senator FORSHAW—So 87 per cent to 90 per cent have met the standards.

Ms Bailey—That is from our records. As I said, we have not done a full industry audit, so it is information gathered along the way.

Senator FORSHAW—What is the total figure we are looking at here in terms of facilities?

Ms Bailey—About 2,944.

Senator FORSHAW—Do you have any idea or expectation as to when the remaining facilities will actually meet those standards? Is it going to take until 2008 or could it be 13 per cent to 10 per cent in the next 12 months?

Ms Bailey—It is hard to be prescriptive because there are a range of circumstances that might apply across homes which may be intending to demolish, rebuild or relocate. We are hoping people are moving in a prompt manner, but there will be people who are planning to rebuild next year who would not want to spend money right now doing anything other than the minimum so they can invest in their new building. It is just managing that relocation across the industry.

Senator FORSHAW—Does the department have a specific strategy about progressing this to 100 per cent?

Ms Bailey—What was agreed with the industry, consumers and the department was that we would achieve the targets for the 10-year forward plan. We have recently released a certification information pack, which made it clear that that is still the objective we are

working towards. We did fund some voluntary assessments for people to try to encourage them to improve and we will continue to send that message.

Senator FORSHAW—That is what I am getting at: what specific initiatives has the department taken?

Ms Bailey—We have done the certification information pack, and I hope that will have a beneficial effect. We will look at other options over the next year or so.

Senator FORSHAW—The amount involved is $513.3 million in this current financial year—2003-04—on the basis of $3,500 per aged care resident. Will all of that money be paid to the facilities by the end of 2004?

Mr Mersiades—The intention is to pay that money out before the end of the financial year but, because of the way the claims operate, there will be a small tail which will be paid in the next financial year but the expense will accrue into this financial year.

Senator FORSHAW—What is the method of the money being paid? Do the facilities have to make applications? How is this money going to be paid in the next four weeks?

Mr Mersiades—The amount to be paid will be calculated on the basis of information that our payment system holds on the numbers of residents that are in a particular home.

Senator FORSHAW—As at when?

Mr Mersiades—It will be an average for April.

Senator FORSHAW—That is information the department holds, so you do not have to seek further information from the homes—is that right?

Mr Mersiades—It is based on the claims that homes have made for residential subsidy. That tells us how many residents they have got at a particular time or at a particular month. So we will know on average how many residents there are in particular homes.

Senator FORSHAW—When will you know that? When they lodge their claim?

Mr Mersiades—They progressively lodge their claims. For the month of April, when we take that snapshot—say we do it in the next week or so—we think we will capture that with about 97 or 98 per cent accuracy.

Senator FORSHAW—Have you advised all the homes that this money is available?

Mr Mersiades—We have not formally written to the homes, but we will be writing to the homes before the payment is made. But of course they would all know about the payment through the obvious means.

Senator FORSHAW—Do you expect that the rate of lodging of the claims will be as usual, or would it be greater because of the availability of this one-off payment? In normal circumstances, for instance, how long would it take for claims that relate to April to actually come through to the department?

Mr Mersiades—I will turn to Mr Dellar for the details on that. There is a lead time involved in the claiming process. It is not a quick process.

Mr Dellar—The way it operates is that the payment system and advance arrears system make a monthly advance payment. Then some time later the homes give us the details of the

residents in respect of the month for which the advance is made. What is happening right as we speak is that people are submitting their claims in respect of April. That is quite normal. By about 12 or 13 June we will have about 98½ or 99 per cent of claims in. There is always a small tail, and that principally relates to new homes which have just opened and are just getting established.

Senator FORSHAW—Are you able to tell me what the average or usual level of adjustment is that has to take place under this method to take account of the variation between what you have advanced and the detail you get later? Is it five per cent or 10 per cent of the amount that they have paid?

Mr Dellar—It is a small amount. The claim we receive each month is principally in relation to the month that it is about. The June claim is principally about the month of April. But in submitting the claim providers are able to tell us about things that they have not previously told us about in March or February, and it tends to happen that there is a degree of backward adjustment that is more or less continuous. Quite often those can be for externally generated reasons. For example, it might be that a compensation claim has been admitted in relation to an individual, which would affect whether the Commonwealth would pay a subsidy.

Senator FORSHAW—So you can assure the committee that all of those that have submitted their claims in relation to April will have the money by the end of June?

Mr Dellar—Yes.

Senator FORSHAW—How was the figure of $3,500 per aged care resident arrived at? What is it based on?

Mr Mersiades—In broad terms it reflects the government's view on what a reasonable contribution would be in recognition of the 10-year forward plan. It is not a percentage of the total cost of achieving the forward plan or anything like that.

Senator FORSHAW—That is what I understood. So it is not related in any way to the needs of a particular facility or how much they may have to expend on upgrading their fire standards and building standards and so on—it is a straight dollar amount per aged care resident? I am trying to understand the rationale for picking that amount and using that method rather than something a bit more related to an assessment of need on the basis of facilities.

Mr Mersiades—The basis is that the homes will all be treated equitably on the basis of the numbers of residents that they have.

Senator FORSHAW—So it does not take into account their financial status or their capital development status?

Mr Mersiades—No.

Senator FORSHAW—What is going to happen in the case of, for instance, a provider who has not met the standards and receives the amount—whatever it is based on $3,500—but does not do anything before 2008 to improve the fire standards or building standards? Let us say they sell the facility—what happens to the money?

Mr Mersiades—In the case of selling the facility the prospective purchaser in their due diligence would take into account, one would image, the status of the building against the 10-year forward plan and that would be reflected in the negotiated contract price.

Senator FORSHAW—So you will leave it to the market to presumably take account of that—is that what you are saying?

Mr Mersiades—Yes.

Senator FORSHAW—What if they do not actually need $3,500 per aged care resident to bring their facility up to standard? It might be a new facility or one that has already expended the money or did not have to expend any money. Is there any system here at all to ensure that this money is spent on what it is intended to be spent on rather than just banked?

Mr Mersiades—For those who have already achieved the standards, this would be in recognition that they have done so.

Senator FORSHAW—It does not say that in the budget papers. You might put that interpretation on it and so might I or others, but that is not what it actually says. It says this money is being provided to lift standards—to improve fire safety standards and building standards. It has been given to them now to bring that standard up to scratch.

Mr Mersiades—It could be used to retire debt related to their having achieved the fire standards.

Senator FORSHAW—How do you know that it will be used for that purpose? There is no system at all, is there, to ensure that this particular money in this measure will be used in a way that is relevant to improving building standards and fire standards?

Mr Mersiades—The measure is a contribution in recognition of the industry achieving the 10-year forward plan.

Senator FORSHAW—Still, the question is relevant. How will you ensure that the amount of money that is provided represents that? As I said, there could be facilities that have not spent anything.

Ms Bailey—The annual fire safety declaration process will ask the question: do you comply? That would be our first threshold test to make sure that this money is applied to ensure that they meet state and territory fire requirements. If they do not, they will be referred to the relevant local councils or state fire authorities, who will follow through on the compliance activities from their perspective.

Senator FORSHAW—What if they need more than the amount that is being provided to bring them up to standard?

Mr Mersiades—It is a contribution; but, as well as that, the recent budget package included a significant injection of capital funds which could be drawn upon as well.

Senator FORSHAW—Other than giving them the money, there is nothing specific to ask the homes, for instance, to give an indication of what they have spent to date or what they intend to spend on improving their fire safety and building standards. There is no mechanism at all like that, is there?

Mr Mersiades—There is the fire safety declaration, with regard—

Senator FORSHAW—Yes, but I am saying that you are not going to ask the homes to indicate what level of spending they have had or will have on these particular improvements.

Mr Mersiades—There has been no requirement to acquit every last dollar.

Senator FORSHAW—There will not be any requirement to acquit any of the dollars, other than, as you say, the declaration they will make to confirm that they meet the standard. But there is no specific acquittal, is there?

Mr Mersiades—No.

Senator BARNETT—With regard to the over $500 million injection—$3,500 per resident—have you got a breakdown of that funding per state and territory?

Mr Mersiades—Mr Dellar may have; I am not sure.

Mr Dellar—I do have some broad figures on that that I could read to you.

Senator BARNETT—Yes, you could just table that shortly, or you could read it out if you have got it in front of you.

Mr Dellar—None of the form is suitable for tabling; I could certainly read it out. These figures are approximations because until we actually have all the claims and do the calculation it will not be down to the last cent. In the ACT, we expect to spend $5.3 million; in New South Wales, $177.6 million; in the Northern Territory, $1.4 million; in Queensland, $93.4 million; in South Australia, $50 million; in Tasmania, $13.5 million; in Victoria, $129.2 million; and in Western Australia, $42.7 million.

Senator BARNETT—Thank you. So the advice is that the vast bulk of that will be expended prior to 30 June this year?

Mr Dellar—My estimation is it will be around 99 per cent of that.

Senator BARNETT—Do you have a breakdown of the funding per not-for-profit, profit and state government entity per state and territory, or on a national basis, or both?

Mr Dellar—I can give you profit, not-for-profit and state, by state and territory. I cannot give you a summary of that.

Senator BARNETT—That is fine.

Mr Dellar—In the ACT, for profit is $1.1 million, not-for-profit is $4.1 million and there is no state provision of aged care in the ACT. In New South Wales, for profit is $49.9 million, not-for-profit is $122 million and state is $5.6 million. The Northern Territory is all not-for-profit and it is $1.4 million. In Queensland, for profit is $21.6 million, not-for-profit is $66.1 million and state is $5.7 million. In South Australia, for profit is $10.8 million, not-for-profit is $34.6 million and state is $4.5 million. In Tasmania, for profit is $1.4 million, not-for-profit is $11.6 million and state is $500,000. In Victoria, for profit is $49.2 million, not-for-profit is $56.2 million and state is $23.7 million. In Western Australia, for profit is $12.3 million, not-for-profit is $28.2 million and state is $2.1 million.

Senator BARNETT—Thank you for that advice.

Senator FORSHAW—What are the actual conditions that apply to the conditional adjustment payment that is also referred to on page 136? I know there are some comments

made in the PBS about making audited financial statements publicly available, but are there a set of conditions that are specifically attached to this payment?

Mr Mersiades—The conditions are as outlined in the budget measure description. The precise arrangements for how they will be administered and developed are under active consideration.

Senator FORSHAW—When will they be finalised?

Mr Mersiades—The intention is to finalise them in the near future.

Senator FORSHAW—I am wondering whether it is going to be a couple of weeks or three months.

Mr Mersiades—We are hoping it will be in a couple of weeks.

Ms Halton—We can never guarantee these things. You know how these things are.

Senator FORSHAW—I am aware of that, Ms Halton. When I asked that question, I was trying to get an idea of whether it is within the next month or whether it is within the next six months.

Ms Halton—As soon as we are able to.

Senator FORSHAW—So it is a priority matter. Let us go to what it says in the PBS. It says:

This new payment will be in addition to normal indexation and will be conditional on providers making audited financial statements publicly available …

I want to deal with that one first, but before I go to that I want to ask another general question. What will the consequence be if the conditions are not met when they are developed and implemented? What is going to happen if, when they are provided, they are not met?

Mr Mersiades—That is one of the specific issues we are giving thought to at the moment.

Senator FORSHAW—Do you envisage that this will be a payment that is made following evidence being provided that the conditions have been met with regard to each of the conditions that we will go through in a moment, or is it a payment that would be made and then checked later?

Mr Mersiades—They are all relevant questions that we are giving attention to.

Senator FORSHAW—So you do not know at this point in time? What is the purpose of making audited accounts publicly available? What does that actually mean?

Mr Mersiades—Drawing on Professor Hogan's recommendation, the intention is really to assemble benchmark information on financial performance so that the industry, with the benefit of this information, can move towards achieving improved efficiency and better quality care in their operations.

Senator FORSHAW—Which recommendation was that again? Can you direct me to the number?

Mr Mersiades—It is a combination of recommendations 13 and 14. It is also reflected in his report where he refers to the absence of good sector-wide financial data and the fact that,

as part of his report, he had to undertake a specific survey to get an understanding of the financial situation of the sector.

Senator FORSHAW—I have the summary of that. You say this will be 'publicly available'. Can you expand on what that actually means? What do they do? Do they put it on a web site, provide it to anybody who wants it or give it to their local library? I am just trying to ascertain how this is going to be publicly available.

Ms Halton—I think, as Mr Mersiades has indicated, all of these issues are under active consideration. Essentially we can say that it will not be locked in a safe on the premises. Beyond that, we have to seek some clarification from ministers as to precisely how we will enforce that.

Senator FORSHAW—I would have assumed that aspect would have been considered before this was highlighted as a condition. There may be, and I was going to ask about this, situations where the reports are not audited at the moment. What do you do then?

Ms Halton—My point is that you are asking us to anticipate a decision of the minister which has not yet been taken. It would be inappropriate for us to speculate as to what that decision will be. We can agree with you that the statement 'public' implies something other than hidden to only but a few, but as to exactly how that will be interpreted, and therefore administered, that is not yet formally decided.

Senator FORSHAW—What I am trying to ascertain is just what is meant when this says that is a condition for this amount of money to be paid. What was in contemplation when it was developed and put in the budget?

Ms Halton—What the officers are trying to explain to you, Senator, is that the words used here—in terms of the interpretation of 'public'—I think we would all have a broad understanding of. Exactly how that will be implemented we cannot comment on further, because there is not yet a decision. It would be inappropriate for the officers to speculate on what those things might require.

Senator FORSHAW—It is possible that this may not actually be able to be achieved in some cases, isn't it?

Ms Halton—You are asking a hypothetical question.

Senator FORSHAW—No, I am not. I am asking you a real question—it is not a hypothetical—because if accounts are not audited at the moment how can audited financial statements be made publicly available? Is it the case that all facilities have audited financial statements? Do you know?

Ms Halton—What is currently the case versus what will be the case I think is a matter that you then ask us to speculate about. The statement stands and beyond that really we are not in a position to add much until there is a decision.

Senator FORSHAW—Does anyone know whether all aged care facilities produce audited financial statements? It is a simple question—yes or no.

Ms Halton—My understanding is no.

Senator Ian Campbell—It depends what sort of entity they are—whether they are a Corporations Law company or whether they are a sole practitioner. It depends on a lot of things.

Senator FORSHAW—Very good interjection, Minister. You are right on the button. So it follows from that, does it, that if they do not make audited financial statements available they have got a problem accessing the funding?

Senator Ian Campbell—We are asking for improved governance under the new arrangements, and that is an appropriate thing to do.

Senator FORSHAW—What does that mean?

Senator Ian Campbell—I know it would be very hard for a Labor senator to understand improved governance, but it means the governance of these organisations who receive money—

Senator FORSHAW—You know exactly what the question intended, Minister. What does it mean for the implementation of this measure? This funding is tied to this condition. I appreciate that the details of how it will be done have to be worked out, but the condition is that they make audited financial statements publicly available. What I am putting to you is that what has been acknowledged is that there are homes that do not have audited financial statements.

Ms Halton—Correct.

Senator FORSHAW—What is going to be the position of those homes under this measure?

Ms Halton—We cannot tell you that yet, because that is a matter that the minister needs to consider.

Senator Ian Campbell—We call it a transitional measure.

Senator FORSHAW—So they may not get the funding?

Ms Halton—You are asking us to speculate.

Senator FORSHAW—I am putting to you the proposition that flows from what is in the PBS. It says the funding is conditional. Presumably, if they do not meet the condition, they are not entitled to the funding.

Ms Halton—And the minister will consider how that will be operationalised and, when there is a decision in that respect, I have no doubt it will be broadly publicised. Until then, we are not in a position to give you details.

Senator Ian Campbell—Can I suggest that it is not such a hard thing to get an auditor and audit some financial statements. It is not a massive hurdle.

Senator FORSHAW—Yes, but it may not be a legal requirement, Minister, as you have just acknowledged.

Senator Ian Campbell—But it will be, won't it? All the minister is now considering is how you move people in a fair and equitable way because of the recommendation, as I understand it. I have only read parts of the Hogan report but, as I recall one section, it does

focus on better governance. I am sure there would be a bipartisan view that that is a good thing. So this government is dealing with the problem of how you move from—

Senator FORSHAW—Where did Professor Hogan make this recommendation specifically?

Senator Ian Campbell—About improving governance?

Senator FORSHAW—No—about publishing audited financial statements.

Senator Ian Campbell—It is generally regarded as good governance, if you have a set of financial statements, to have them audited. Senator Conroy would probably give you a briefing on that.

Senator FORSHAW—I do not need a briefing on it, Minister. Do you know where Professor Hogan made this specific recommendation?

Senator Ian Campbell—I do not. I do not recall that.

Senator FORSHAW—That is right.

Senator Ian Campbell—But I do have a recollection of reading something along those lines.

Senator FORSHAW—Could it be, for instance, that a home is not required to produce an audited financial statement because the home is owned by a much larger entity that owns a lot of facilities, and it produces audited financial statements for all of its operations rather than on an individual home basis? Do you know whether that is the case?

Senator Ian Campbell—I think they are all the things that the minister would be thinking about at the moment.

Senator FORSHAW—Is it a fact that there are operators or owners of nursing home facilities that own more than one home and that the company, the corporation, produces a set of financial statements for the entire operations but not broken down into individual nursing home facilities?

Ms Halton—It is a fact that there are a variety of arrangements that apply and, as you say, there are some groups. There are a variety of ways at the moment in which people report. That is a fact, but we cannot speculate on how this will be implemented.

Senator FORSHAW—In making audited financial statements publicly available, can you tell me how the detail in the normal sorts of audited financial statements will actually be tested to meet the condition?

Ms Halton—No, we cannot—because, again, you are asking us to go to detail that is not yet decided.

Senator FORSHAW—I am just trying to confirm that you do not know.

Senator Ian Campbell—It is the same question you asked seven or eight minutes ago.

Senator FORSHAW—No, it is a different question, Minister.

Senator Ian Campbell—The subtlety eludes me.

Senator FORSHAW—It eludes you because you need to read the report and the budget papers. How will the department make an assessment of audited accounts? Do you have an idea as to what the department's strategy will be in actually assessing those audited financial statements once they are made publicly available?

Ms Halton—Until we have an established policy position, no.

Senator FORSHAW—It might be done within the department, it might be done by consultants or you might just take the word of the auditor. Could it be any one of those options?

Ms Halton—You are speculating, Senator; I will not.

Senator MOORE—Does the department currently have any role in looking at audited accounts for any other purpose? In the current operations of the department, with all the things that you do, is there any other program that requires people within the department to look at audited accounts?

Ms Halton—There are a number of areas in the department where we would look at audited accounts.

Senator MOORE—Can we get a list of those?

Ms Halton—I think it would be an extensive list.

Senator MOORE—It would be useful and it is on notice.

Ms Halton—It would take us a significant level of resource to compile a complete list. Because we manage so many programs, to give you a complete list of every program—

Senator MOORE—Programs that require publicly audited—

Ms Halton—For example, with a number of the grants that we would administer we require an audited statement. You are basically asking for every program to be examined.

Senator MOORE—To see whether that requirement is in them?

Ms Halton—Yes.

Senator Ian Campbell—It is a fairly standard requirement that, if the government is giving money to a private sector organisation, you have some tests as to their solvency. Requiring an audited set of accounts is a pretty standard practice, I would have thought.

Senator MOORE—That is the department's position, that it is standard practice?

Senator Ian Campbell—It is the government's position. We just do not hand out taxpayers' money to organisations that would not have a financial statement.

Senator FORSHAW—You do. That is the point—you actually do in this sector. But I am not going to waste our time tonight—

Senator Ian Campbell—Labor's position seems to be that we should not seek to improve the financial accountability of these organisations, and Senator Moore seems to think that it is incredible that the Department of Health and Ageing and other federal departments might actually require audited accounts from organisations.

Senator MOORE—Chair, I do not normally do this, but I would just like to say that I did not make that statement, nor did I infer that position.

Senator FORSHAW—That is right. It is quite inappropriate for the minister to sit here and say that we are not entitled to ask questions about how a measure in the budget statement will be implemented and then to go off and form his own interpretations about what our questions are directed to.

CHAIR—On all sides, it would be better if we just proceeded along as harmoniously as we have thus far, considering the late hour.

Senator FORSHAW—I am happy to keep doing that. Can I go to the next condition in the PBS, which is that the payment is conditional on providers participating in a periodic work force census. Can you expand on what that condition is and how that will be implemented?

Ms Halton—Unless I am wrong, the minister has not yet taken a decision on this issue. In the absence of a decision, it is again—I am sorry, Senator—something we cannot speculate on.

Senator FORSHAW—So you do not know. Does the department conduct work force censuses?

Ms Halton—We do a number of things about the work force, both in the aged care sector and more broadly in relation to the health work force.

Senator FORSHAW—So you do conduct a work force census?

Ms Halton—No, that was not the question you asked me.

Senator FORSHAW—Yes, it was. I said: does the department conduct work force censuses?

Ms Halton—We have done one in aged care in the past. We have done a number of other exercises or censuses in relation to health. 'Census' might not be the right word, but we have done a number of exercises relating to the work force right across the health and aged care sector.

Senator FORSHAW—Are there any proposals on foot to conduct a work force census across the aged care sector?

Ms Bailey—The previous census in this area was conducted last year under the auspices of the aged care work force committee and they may turn their minds to a future one. That would be something they would consider.

Senator FORSHAW—But at this point you are not aware that they are looking at another one, given that they have just done one?

Ms Bailey—That is right.

Senator FORSHAW—I think I know the answer to this, but I am going to ask it. Will participation in such a work force census be mandatory? The current ones are not, are they?

Ms Bailey—The one conducted last year was a voluntary based one. There has been no decision yet, as Ms Halton has said, about the process for the year forward.

Senator FORSHAW—You would think, wouldn't you, from the wording in the PBS that, if it is conditional upon participating in a periodic work force census and you refuse to participate in it, you are not meeting the condition. That is pretty logical, isn't it? Would you agree with that?

Ms Bailey—I could not speculate on that.

Senator FORSHAW—I am not asking you to speculate. I am not trying to trap the officers at the table. It states in the PBS that these are the conditions that will apply to this quite substantial amount of money. We are talking about $890 million here. What we have is a position where these specific conditions have been laid down. One is to make audited financial statements publicly available. We know that some do not even have to produce them, and do not. Another condition is to participate in a periodic work force census. There was one conducted last year. There are no plans to conduct one in the future that we know about, and it is a voluntary census. I am starting to wonder how many homes will actually meet these conditions. The third condition is to encourage staff training. Can you explain to me what encouraging staff training means, or is that still to be determined by the minister?

Ms Halton—She has not taken a decision.

Senator FORSHAW—Do you think we might be able to encourage her?

Ms Halton—We will encourage her, Senator.

Senator FORSHAW—Yes, I am sure you will. Does the department—the agency might come in here—do any monitoring of the level and type of staff training that could be seen to be picked up in such a measure?

Ms Bailey—The census and survey conducted last year did contain information about the level and the qualifications of the direct care workers in our aged care homes. That would provide some baseline, I imagine, for the future.

Senator FORSHAW—That is by survey, isn't it?

Ms Bailey—It was both a census and a survey.

Senator FORSHAW—I was thinking about whether or not you read these sorts of conditions together and whether, if a home were able to show that it spent X amount of money on staff training and it had publicly available audited financial statements, that would help it meet that condition. I can assure you that there are some financial statements and annual reports that are not audited and do not have any information at all about staff training, so it is interesting to speculate.

Senator Ian Campbell—Chair, can I refer to the bit that I did read in the report?

CHAIR—Certainly.

Senator Ian Campbell—Senator Forshaw made me doubt my memory.

Senator FORSHAW—You have read that particular page, have you? Was that before or just then?

Senator Ian Campbell—Someone just found it for me. I had a recollection. It was not that long ago that I think you asked me a question in the Senate about it. On page 166 it says:

The review judges that measures should be put in place: firstly, to improve financial management within the industry; secondly, to improve governance practices generally; thirdly, to ensure that the financial information is available to stakeholders.

Then there is reference to the same issue and recommendation 15, which is a bit later in the report. So I have not lost my memory totally.

Senator FORSHAW—I do not want to revisit this whole debate, but do you read that to mean that it must be made available to the public as distinct from the stakeholders, to whom, as you know, company reports are normally made available, for example shareholders?

Senator Ian Campbell—The aim of the recommendation of the review is a sound one. Earlier in that particular section it raises the point of how the secretary can make a judgment about the financial position of the aged care provider without having that sort of information, so the minister is clearly working out how to achieve that. It is a worthy policy objective.

Senator FORSHAW—Are you aware, from your deep experience and expertise, whether audited financial statements actually provide information about performance against measures such as we are talking about?

Senator Ian Campbell—They count against financial measures, yes.

Senator FORSHAW—But I am not talking about financial measures. These are the conditions that are attached to reaching performance levels for which you get the money. Do audited financial statements actually—

Senator Ian Campbell—I do not think that is what Professor Hogan is getting at, from my reading of it. I think he is saying there are a range of measures—

Senator FORSHAW—I am asking you; that is all.

Senator Ian Campbell—I have always been of the view that financial statements should refer to the finances and I have been a bit against the Labor Party and other trendy people's views that financial statements and reports should report on environmental and social outcomes and all these other outcomes because that blurs the value of the financial report. If people want to report on those other things, they should have other measures of success. I think Professor Hogan probably agrees with me on that.

Senator FORSHAW—Obviously they did not ask your view before they developed this set of conditions.

Senator Ian Campbell—I am not a triple bottom line man. I think Senator Greig probably is.

Senator FORSHAW—The government's response to the Hogan review in relation to this measure refers to the requirement for each provider to give its staff information and opportunities regarding work force training. Do you recall that part of the government's response?

Ms Halton—Sorry, where are you reading from?

Senator FORSHAW—I am actually reading from my notes; I am trying to find the specific reference.

Ms Halton—Regrettably, we do not have your notes.

Senator FORSHAW—It is in recommendation 13 on the conditional incentive supplement. The government's response is headed 'investing in better care'. We are now dealing with that measure in the PBS. It says:

The adjustment payment will be conditional on each provider giving its staff information and opportunities regarding workforce training, making audited accounts publicly available each year and taking part in a periodic workforce census.

How would the department assess whether or not a provider has given its staff that information on opportunities regarding work force training?

Ms Halton—At the risk of being repetitious, refer to the earlier answer.

Senator FORSHAW—So the criteria have not been developed yet?

Ms Halton—No, that is not what I have said. What I have said is that we are waiting for the minister. The minister has to take a decision on these issues.

Senator FORSHAW—A decision has been taken. It says here:

... payment will be conditional on each provider giving its staff information and opportunities regarding workforce training ...

That is the decision that has been made. It is in the government's response.

Ms Halton—Correct.

Senator FORSHAW—I am trying to ascertain how that will be implemented. You are saying that the method for implementing that has not been determined yet?

Ms Halton—Not yet formally endorsed—correct.

Senator FORSHAW—That is exactly what I said. So there are no criteria at the moment. How will the conditional payments be made? Will they be based on the number of residents? Will they be paid in advance? Do you know?

Mr Mersiades—They will be paid as an addition to the standard recurrent subsidy—per resident, obviously, depending on what particular classification level they are et cetera.

Senator FORSHAW—When? How often?

Mr Mersiades—From 1 July. These payments are normally made a month in advance on an advance arrears basis.

Senator FORSHAW—I got an answer. That is good. At least we know how they will be paid. Did you say that it is based on the number of residents? What is the method of calculation?

Mr Mersiades—The subsidy applies per resident in line with their classification level. We do not block grant homes; we pay per resident according to their assessed care needs.

Senator FORSHAW—Yes, but I am trying to ascertain how that amount will be calculated. The earlier measure—the one-off grant—was $3,500 per aged care resident; we know that. This is a measure which is $892 million over four years. There is some $81 million to be paid in the first year, 2004-05. It says it will be on top of the recurrent, basic subsidy for care—currently around $30,500 for the average subsidy. With regard to this specific funding, what is the basis for calculating how much is paid per facility?

Mr Mersiades—I cannot tell you how much it will be per facility, because the payment is in relation to residents. It will be a 1.75 per cent increase cumulative over the four-year period on what would otherwise have been the subsidy for the resident in question.

Senator FORSHAW—The adjustment payment is in the PBS. So you take whatever the subsidy is and increase it by 1.75 per cent.

Ms Halton—This is a mathematical algorithm; this is not a 'needs to be decided' measure. Can I just tell you that my spies, who are paying close attention to this, have checked in the medical online dictionary and it is 'censuses'.

Senator FORSHAW—Yes.

Ms Halton—You got the same?

Senator FORSHAW—She is not a spy at all—my very efficient adviser here has actually advised me of that.

Ms Halton—This is someone who has merely taken an interest in our proceedings and was trying to be helpful, for which we are very grateful.

Senator FORSHAW—I accept the recognition that I was right, even if I was not so sure myself. I am glad we were not talking about cactus! Were there any specific criteria as to how this amount of funding was arrived at?

Mr Mersiades—It was recommended by the reviewer.

Senator FORSHAW—By Professor Hogan? Can you explain why the funding is back-end loaded?

Mr Mersiades—Again, that was Professor Hogan's recommendation.

Senator FORSHAW—Are you aware of concerns from the industry regarding this measure? Particularly, I refer to a media release by Catholic Health Australia, who state:

> ... most of the funding takes effect from 2005-06 onwards which is well after the planned election. CHA would have preferred more of this funding to be provided earlier.

Are you aware of that?

Mr Mersiades—Yes, I have read that article.

Senator FORSHAW—I was sure you would have, and I say that with respect. Does the department or government have any response that might allay their concerns?

Mr Mersiades—I cannot speculate on what Professor Hogan's thinking was in formulating the payment in those terms.

Senator FORSHAW—Do you think the fact that the bulk of the payments are delayed till 2006-07 and 2007-08 leads to continued pressure on the providers, who are looking for this assistance up-front?

Mr Mersiades—I think it follows that the greater relief is felt in the outer years rather than the years up-front. On the other hand, it may be recognising where costs are going. I do not know what his thinking was. He commented about wage pressures.

Senator FORSHAW—In relation to the measure at page 137—the $101.4 million to enhance opportunities for education and training—can you tell me how the government determined the number of training programs?

Mr Mersiades—Not precisely. I can suggest the sort of information they may have had available to them. They would have had available to them the professor's recommendations, the work force survey that was referred to earlier and the higher education package that had been announced by the relevant minister a couple of months ago.

Senator FORSHAW—You have referred to Professor Hogan's review, but the allocation here is for a lower level than that recommended by the Hogan review. For instance, Professor Hogan recommended 2,700 places in terms of undergraduate nursing, but the budget is framed on achieving 1,094 places over the four years. We can talk also about enrolled nurses. The recommendation was for 12,000 enrolled nurses to undertake medication management training, but the budget is funding 5,250.

Just to complete the picture, it was proposed that there should be 6,000 aged care workers to complete certificate level IV and 24,000 aged care workers to complete certificate level III. The budget is funding 15,750 such places. Why is it a much lower allocation, if you were taking account of Professor's Hogan recommendations here? It is substantially lower.

Mr Mersiades—It is the government's decision in the budget context. As I said, Professor Hogan's recommendations would have been one source of information.

Senator FORSHAW—It is a pretty important source, surely.

Mr Mersiades—Certainly.

Senator FORSHAW—A very important source.

Mr Mersiades—There are other sources as well.

Senator FORSHAW—Any one specific source? You have mentioned some there in general terms. What other sources of evidence would counteract the view of Professor Hogan and lead you to a much lower allocation? The suggestion there is that he is wrong or he has overly inflated the number that is required or should be provided for.

Mr Mersiades—It was the government's assessment, based on a range of information that was available to it.

Senator FORSHAW—You said there are other sources. Can you give me anything specific?

Mr Mersiades—I was not in the cabinet room!

Senator FORSHAW—No, but can you give me anything specific that suggests that the figures contained in the budget are more appropriate?

Mr Mersiades—No, because I am not sure what they took into account.

Senator FORSHAW—Can you give us a breakdown of the spending—for instance, the cost for each of the 8,000 Workplace English Language and Literacy training places? I am going to ask the same questions for each of the other categories.

Ms Halton—Would you like us to give you that on notice, in writing?

Senator FORSHAW—If it is not going to take too long, you could do it now.

Ms Bailey—We will take it on notice.

Senator FORSHAW—Can you tell me how many of the 8,000 places for English Language and Literacy will be available each year?

Ms Bailey—My understanding—and I will have to confirm this—was that there was an allowance made for a slightly lower uptake in the first year and then around 2,000 a year. I think the first year might have been slightly lower, but it may have been 2,000 a year for the WELL places.

Mr Mersiades—I can confirm that it was 2,000 additional places per year.

Senator FORSHAW—I would like to get this information now, rather than wait some period of time. Under which department?

Ms Bailey—Department of Education, Science and Training.

Senator FORSHAW—Of the 15,750 vocational education and training places, how many will be available each year?

Mr Mersiades—There will be 4,500 additional places each year. Because of part-year effects, pipeline effects and what have you, it equates to 15,750 over the next four years.

Senator FORSHAW—Under which department?

Ms Bailey—They will be managed by our department.

Senator FORSHAW—Can you give me a breakdown of the types of training places?

Ms Bailey—It will be largely focused towards certificates III and IV in aged care, with some possibility of training options for people to do diplomas to reach enrolled nurse level.

Senator FORSHAW—In relation to the 5,250 places for medication management training, is that only for enrolled nurses?

Ms Bailey—That is right. That is to deal with the enhanced scope of practice that is now being more broadly accepted nationally, where enrolled nurses with appropriate qualifications and skills can now administer medications. This is directly to enhance their qualifications.

Senator FORSHAW—How many will be available each year?

Mr Mersiades—It equates to an additional 1,500 supported in each year.

Ms Bailey—But the first year will be 750, a half-year effect.

Senator FORSHAW—Sorry, just explain that again.

Ms Bailey—There will be 750 followed by 1,500, 1,500, 1,500.

Ms Halton—It is the part-year effect at the commencement of the initiative, Senator.

Senator FORSHAW—Yes. I cannot do the maths that quickly, Ms Halton. Under which department?

Ms Bailey—This department will manage that.

Senator FORSHAW—And, finally, the 400 undergraduate nurse training places: how many of those per year?

Mr Mersiades—There are 400 new places each calendar year.

Senator FORSHAW—Each calendar year. So the 1,094 takes account of the part-year effect, does it?

Mr Mersiades—And attrition.

Senator FORSHAW—Can you tell me how those places will be distributed across the country?

Ms Bailey—DEST will be managing the allocation but they have already, as I understand it, written to the vice-chancellors for the universities where there are schools of nursing, asking them to bid for those places.

Senator FORSHAW—The last sentence of the last paragraph on page 137 of the PBS reads:

> Payment by students of the indexation component under HELP is treated as interest revenue and impacts on the fiscal balance from 2005-06.

I am tempted to ask the minister with his expertise to explain it. I give in. Can you explain to me what that means?

Ms Bailey—DEST have an algorithm they use for calculating the HECS debt interest and the pipelining attrition rates, and I do not have the full algorithm, but they do take account of a range of issues that will impact on the final cost of that measure.

Ms Halton—I have to say, the first time you have to deal with these loans, and with accrual accounting, you think you have it completely sussed until you come across one of these, and then you are completely confused.

Senator FORSHAW—You should be sitting here!

Ms Halton—It is not much better from this side, Senator.

Senator FORSHAW—I am not sure if that is a compliment or not, but go on.

Ms Halton—I think it means we are in the same boat, unless you are a fully paid-up accountant, which I am not. These are assets, then it shows as income, and it is all to do with the fact that it is treated as an asset on the books.

Senator FORSHAW—Yes. It says it is treated as an initial asset.

Ms Halton—Yes, and then it is shown as revenue.

Senator FORSHAW—I have to say I find it rather hard to follow.

Ms Halton—It is to do with a contingent liability.

Senator FORSHAW—Would you mind taking that on notice, anyway?

Ms Halton—We can give you the technical explanation in full. In some perverse way, it improves the balance sheet to have a debt on the balance sheet.

Senator FORSHAW—Can we now move on to the measure on page 138?

Ms Halton—Senator, just to go back to your earlier question, we can probably read in some details that you are interested in.

Ms Bailey—The breakdown of the dollar costs.

Ms Bailey—For the WELL program, the English Literacy and Language program, there will be $5.383 million over the four years. For the undergraduate nursing places, it will be $32.847 million over four years; for the medication certification for enrolled nurses, $7.458 million over the four years; and the larger training initiative for care workers, $55.673 million over four years.

Senator FORSHAW—$55.673 million over four years. The previous one was $7.458 million?

Ms Bailey—That is right.

Senator FORSHAW—Over four years?

Ms Bailey—Yes.

Senator FORSHAW—You know I am going to ask you this: can you give me that on a year-by-year basis?

Ms Bailey—We can provide that. Not tonight, but I can provide it.

Senator FORSHAW—Yes, I am happy with that. That will not take too long, will it?

Ms Bailey—No.

Senator FORSHAW—What is the date for responses to questions on notice, Chair?

CHAIR—In seven weeks time. 23 July.

Senator FORSHAW—Would you undertake to provide that as soon as you can?

Ms Halton—We will do our best.

Senator FORSHAW—Thank you.

Senator BARNETT—To follow on from that, can you do a state-by-state breakdown? Is that relevant on that analysis?

Ms Bailey—Possibly only at the end, because we have not allocated the money yet, so we will not know till the end of the four years how much each state got of each bucket of money.

Senator BARNETT—You do not have an estimate or assessment as to where those funds will go?

Ms Bailey—No. It is for training for the whole industry nationally, so it will not be until the end of the program that we know how the allocation has worked out on a state-by-state basis.

Senator FORSHAW—You can take this on notice. Just on the training, can you give us the breakdown of that figure in costs in respect of certificate III and certificate IV. Would that be possible?

Ms Bailey—We can give you some indicative costs, but they tend not to be a regulated cost. Different training providers charge different prices, and quantum impacts on the price. We can give you a generalised indicative cost.

Senator FORSHAW—If you can provide that, that would be appreciated. Thank you. The next measure I want to go to is concessional resident supplement and the non-concessional accommodation charge. Professor Hogan recommended that the concessional resident supplement be increased to $19 per day and the government has decided to increase it from $13.49 to $16.25 per day. Why did the government choose the figure of $16.25 rather than the $19, as recommended by Professor Hogan?

Mr Mersiades—That was a decision that the government made in the budget context.

Senator FORSHAW—You do not know?

Ms Halton—I think the minister has made a statement on this in the public arena. I was just asking whether we know exactly what she said. I think we will come back to you on what she has said in respect of that.

Senator FORSHAW—What it states in the budget papers is:

> The maximum rate of the concessional resident supplement will be increased to $16.25 per day to match the new maximum rate of the accommodation charge that providers will be able to charge new non-concessional residents entering high care.

Professor Hogan recommended $19. Sorry, are you wishing to add further to the answer?

Ms Halton—No. I was asking my colleague whether we agreed on what we both thought she had said. It turns out we do not, so we will not go any further. We need to check. I am sorry.

Senator FORSHAW—You are sorry you need to check what?

Ms Halton—Exactly what she said. We will check right now.

Senator FORSHAW—You have the details of the government response to the Hogan review recommendation 16 there?

Ms Halton—Yes.

Senator FORSHAW—The last dot point states:

- The Australian Government will consult with the community and aged care providers on the appropriateness of the other parts of this recommendation.

What does that mean?

Ms Halton—Sorry. We were just conferring amongst ourselves about what the minister has actually said in relation to your earlier question about the concessional resident supplement and the charge. I think it pertains to this whole section. My memory—and I think Ms Murnane agrees with me—of what the minister has said in relation to the reasons for this decision, recognising we were not party to that decision, is that the government made a decision mindful of all of these components and took a view that that actually, in toto, would meet the requirements as estimated by Professor Hogan. In other words, if you take the combination of each of these measures as they have implemented them and announced them, that would actually meet the estimated requirement.

In terms of that last thing, this again is my memory of the minister's statements in this respect: the minister made a number of medium- and longer-term recommendations which I think are out beyond 2008. There is, I think, an acknowledgment that those should be

discussed with stakeholders in the sector, but because it is beyond 2008 it is not something the minister is intending to do in the next five minutes or, indeed, the next few weeks, given that there are a series of other things that need to be done. That is certainly my understanding. Mr Mersiades can go through that in more detail. Ms Murnane, do you think that is a fair reflection?

Ms Murnane—Yes.

Ms Halton—That is our understanding of the reasoning.

Senator FORSHAW—Ms Murnane, do you wish to add something?

Ms Murnane—Simply to say that Professor Hogan estimated the capital needs over 10 years. The government sought to look at what the industry was contributing and Professor Hogan referred to that in his report, and then to make good the shortfall through the additional money that the government made available through the concessional supplement.

Senator FORSHAW—Is the government considering increasing the maximum rate?

Ms Halton—Do you mean differentially to the things that have been announced in this budget?

Senator FORSHAW—Yes.

Ms Halton—Not that we are aware of. I could be corrected by my colleagues. I have heard no suggestion of that.

Senator FORSHAW—It states:

- The Australian Government will consult with the community and aged care providers on the appropriateness of the other parts of this recommendation.

This recommendation goes to components which increase the maximum rate of the concessional resident supplement, abolish the 40 per cent threshold, introduce a sliding assistant resident supplement, and so on. What is the purpose of the consultation with the community and the aged care providers? It must relate to those parts of Professor Hogan's recommendations that have not been fully picked up.

Mr Mersiades—That is right. It is in the context that those recommendations were categorised under his medium-term recommendations which he said were to be addressed in the period leading up to 2008.

Senator FORSHAW—The $16.25—the maximum rate of the concessional resident supplement—will be indexed, won't it?

Mr Mersiades—It is indexed, but it is not indexed for a resident once they enter a home; it stays set.

Ms Halton—Are you talking about the concessional or the charge?

Senator FORSHAW—I am talking about the concessional at the moment.

Mr Mersiades—Sorry.

Senator FORSHAW—They are both the same?

Mr Mersiades—Yes, the figure.

Ms Halton—The concessional is indexed.

Mr Mersiades—I thought you had moved onto the accommodation charge.

Senator FORSHAW—No, I will come back to that.

Ms Halton—Concessional is indexed. He went onto the accommodation charge. He was going to make a point about that. We are not there yet. Let us come to that in due course.

Senator FORSHAW—I will ask about that. The daily charge is indexed annually, isn't it?

Mr Mersiades—The accommodation charge?

Senator FORSHAW—Yes.

Mr Mersiades—It is indexed for new residents. Once you are a resident, it is fixed for the time of your stay.

Senator FORSHAW—The duration that you are in the facility. I will now continue with the charge. That is the same amount that is being increased to $16.25 per day and, as it states in the response to recommendation 19:

> This is in line with the new maximum rate for the concessional resident supplement.

There is at least contemplation to set these two rates at the same amount. For how long will that daily charge be set? How long will it stay at $16.25?

Mr Mersiades—It will be indexed after 12 months.

Ms Halton—Is that the question? Is it indexed annually?

Senator FORSHAW—Yes. Professor Hogan recommended that it be increased to $19. Can the government guarantee that it will not be increased again in the four years, other than through indexation?

Ms Halton—You are asking us to answer a question with respect to policy, which we cannot. However, you have already asked us if are we aware of any considerations being given to its increase, and I think we have all indicated we are not aware of any such proposition. Given that the minister has said very clearly that her belief is that the component parts of all of these measures provide sufficient to meet the amount set by Professor Hogan as being the amount required, as I understand the way the minister has expressed it, these settings are sufficient to meet the needs of the industry. I could be corrected if I am paraphrasing her incorrectly, but that is my understanding of what the minister said.

Senator FORSHAW—Going back to your earlier answer in respect to the amount set for the concessional resident supplement: does it mean that we can rule out any increase in the accommodation charge—for example, to $19 that was recommended by Professor Hogan?

Ms Halton—You are asking us about policy.

CHAIR—That is another policy question, Senator. We are going around in circles with policy questions.

Senator FORSHAW—I am asking does it rule it out because the two rates have been set at the same? You cannot say whether it does or it does not. That is what you are saying.

Ms Halton—Again, my understanding is that the minister has made the point publicly that you need to have a level playing field between the two. You do not want a system where there are unbalanced incentives between the two, and that is the principle of the aged care arrangements since their introduction in 1997. That is in line with the minister's statements in respect of the meeting of the benchmark set by Professor Hogan. I think you are as able as I am to interpret that.

Senator FORSHAW—I am not trying to interpret. Professor Hogan recommended $19.

Ms Halton—In the context of overall requirement for funding into the sector. You cannot look at that in isolation from the aggregate.

Senator FORSHAW—I do not think Professor Hogan looked at it in isolation either. He recommended that it be increased to $19 and indexed annually. He did not say 'in so many years time'. He said, 'Increase it to $19 and index it annually.' That was his recommendation at this point of time, and the government has proposed an increase to $16.25.

Ms Halton—He recommended that amount, my understanding is, in the context of an overall requirement for capital in the sector. My understanding is that the minister has said very clearly that she did not believe it was necessary to increase it to that amount, given the aggregate of funding going into the sector from the combination of measures.

Senator FORSHAW—Where did the minister say that?

Ms Halton—She certainly said it on budget night to a group of stakeholders.

Senator FORSHAW—But where is that on the record? There is nothing on the record that I am aware of that says that the government would not further increase the rate to what Professor Hogan recommended.

Ms Halton—We will go back to her office and ask what there is that she has put on the record.

Senator FORSHAW—I can tell you I am not aware that she has.

Ms Halton—You are asking us for the government's view. We can simply reflect to you what we have heard her say and we will go back and ask what is on the record in that respect.

Senator FORSHAW—The other aspect in regard to the charge was the removal of the five-year limit on paying accommodation charges. Are you aware it will have adverse financial impact on families, the removal of that five-year limit?

Mr Mersiades—If it does have an adverse financial impact, there are hardship provisions for the individuals affected to revert to a concessional status.

Senator FORSHAW—I did not ask you that specifically. I asked you will it have an adverse financial impact? It must do, mustn't it?

Ms Halton—I think the reality is that the residents you are referring to are not, by definition, concessional, who are treated in the system as people of more limited needs.

Senator FORSHAW—Yes, non-concessional residents paying the charge.

Ms Halton—You made a correct statement in that the five-year limit has been lifted but, as Mr Mersiades is pointing out, there has always been a provision here for anybody who feels

that their circumstances are particularly difficult, notwithstanding the fact they are not a concessional resident, to apply under the hardship provisions. That remains the case.

Senator FORSHAW—But it is true, isn't it, that it could have, probably will have, adverse financial impact upon those families who are paying the accommodation charge for non-concessional residents? Previously there was a five-year limit and now there will not be.

Senator Ian Campbell—You are asking the officers to look into the lives of all of the people—many thousands of people I guess we are talking about; the impact on some people will be different to others.

Senator FORSHAW—Can you tell me how many? You just said many thousands, Minister. How many non-concessional residents?

Mr Mersiades—The number of non-concessional residents?

Senator FORSHAW—That pay this charge.

Mr Mersiades—I think about 40 per cent are concessional residents, around that figure. My colleagues are nodding.

Senator FORSHAW—So that 60 per cent—

Mr Mersiades—Pay some sort of accommodation charge.

Senator FORSHAW—Which at the moment is limited to five years and in the future will go beyond that period?

Mr Mersiades—For the duration of their stay.

Senator FORSHAW—They will be paying more. The five-year limit on paying accommodation charges will also be removed for new high-care residents, so that they make a capital contribution throughout their stay. That is in the government's response and the budget. Currently there is a five-year limit for drawdowns on the accommodation bond for residents in low care. Will the government rule out removing that five-year limit as well, because what you have now is one group of—

Senator Ian Campbell—We have just announced our policy.

Senator FORSHAW—It is not all your policy, Minister, as is stated by the minister for this portfolio. This is a response to the Hogan review but it is not a complete response to all of the recommendations and there is further consultation and presumably—

Senator Ian Campbell—I am not in a position to make policy pronouncements on behalf of the minister.

Senator FORSHAW—I am asking you: do you rule it out?

Senator Ian Campbell—I might, but it is not my portfolio. I represent both ministers in the Senate. It is absurd to ask me to rule something in or out. I would hate to have them ruling things in and out of the roads budget in the other place.

Senator FORSHAW—The five-year limit on accommodation charges has been removed for high-care residents, the five-year limit on paying those charges. There is a similar five-year limit on drawdowns from the accommodation bond in low care. Ms Halton well remembers, as I think we all do, that after the 1996 act and the debate that went on in the

industry, the accommodation bonds proposal for high care was not proceeded with and effectively the alternative was the introduction of the daily accommodation charge, with a five-year limit as well. That has been removed. I want to know whether people who are currently in low care with an accommodation bond with a five-year limit can also expect that their five-year limit will be removed? Can you tell me whether that will or will not happen?

Senator Ian Campbell—I have just told you that I am not going to make policy on behalf of the ministers in the other place.

Senator FORSHAW—You can't give them an assurance for their concerns? There is a lot of concern out there.

Senator Ian Campbell—You are asking the Minister for Roads and Local Government to make policy in Health and Ageing. It is an absurd thing to do.

Senator FORSHAW—What about Ms Halton. Do you know? You are aware that there is a concern about this? This was a measure, a limit, that applied in both high care and low care. It has its genesis back in the 1996 changes. They are linked in that respect. One has been removed, the other has not.

Ms Halton—Senator, I can tell you that there is no proposal that I am aware of.

Senator FORSHAW—You are not aware, you cannot say whether—

Ms Halton—I cannot speak on behalf of the government, you are quite correct. However, I would make an observation to you that the accommodation bond has a five-year limit on drawdown. You are quite correct. Of course it still generates income beyond that five years, so the reality is that there is still a benefit to the provider from that accommodation bond beyond the five years.

Senator FORSHAW—There is a benefit beyond two years, Ms Halton.

Ms Halton—My point is that it is not a fair comparison to say that everything stopped at five years. The reality is providers continue to earn from an accommodation bond until the point of the resident's departure, regardless of whether they are there longer than five years. We categorically are not aware of, nor are we working on, any proposition in relation to changing those arrangements.

Senator FORSHAW—We can equally come up with all sorts of computations on this. For instance, the accumulation of the money paid in accommodation charges has an interest-earning effect as well. If there was a two-year limit, the money accrued to that date from drawdowns from accommodation bonds would continue to have a potential income. The fact of the matter is that there was a consistency of approach with the five-year limit. That has been removed, hasn't it?

Ms Halton—The five-year limit applied to two different things. We could have a technical argument about compound interest rates, capital, depreciation and a whole bunch of other stuff. But in terms of, 'Does the current arrangement provide a low-care provider an ongoing stream of income from a low-care resident, notwithstanding the fact they have been there more than five years if they paid a bond?', the answer is yes.

Senator FORSHAW—In that part of the response to this recommendation 19 it states:

The Australian Government will consult with the community and aged care providers on the appropriateness of the other parts of this recommendation.

As you are aware, Professor Hogan recommended:

e) Existing residents should continue to be covered by the current accommodation payment arrangements including the five year limit on charges and retentions from bonds.

The government has rejected Professor Hogan's recommendation because they have removed the five-year limit on one aspect. He spoke about this jointly. He said it should continue to be covered by the five-year limit on charges and retentions from bonds. The Australian government was going to continue to consult about those other recommendations. What comfort is there for those people who are in low-care facilities paying bonds when their five-year limit will not be removed? There is none. You cannot give me an assurance and neither can the minister.

Senator Ian Campbell—Hang on. We are now getting verbal, Madam Chair. We are having words put into our mouths by a senator who cannot get the answers that he would like. In fact, he has had an answer from the secretary that says that they have not developed a policy, they have not written a minute. He has got a blank from me, he has got a total negative from the secretary of the department and he does not like the answer, so now he is saying that we refused to rule something out.

CHAIR—Exactly. That was the point that I was going to make.

Senator Ian Campbell—He has asked the same question six times.

CHAIR—We need to move on. You have been given the answer, Senator Forshaw.

Senator FORSHAW—I have moved on.

CHAIR—The answer is not going to change. We need to—

Senator FORSHAW—With all due respect—

CHAIR—Excuse me, Senator. I am speaking. The answer is not going to change and I request that you move on to something else because you have asked the question repeatedly.

Senator FORSHAW—With due respect, Chair, I actually did move on to a new area in this respect, and that was in terms of Professor Hogan's recommendations about the five-year limit on charges and bonds. It may be related to the same issue but I am asking what is meant by:

The Australian government will consult with the community ... on the appropriateness of the other parts of this recommendation.

Do you know what that means?

Senator Ian Campbell—It means we are going to consult with the community and other stakeholders. That is what we like to do.

Senator FORSHAW—There has been a lot of consultation to date, hasn't there, through the entire review? A large part of the review was consultation with the community. There has been four or five months of further consideration of these proposals between the first drafts and the final report.

Senator Ian Campbell—We have heard today that the report was given on 5 April and that did not suit your argument either. The government has responded in the budget. It has made a comprehensive response, a thorough policy, well funded, and the Labor Party do not like it. I sense your frustration. I cannot do much about it. Next question?

Senator FORSHAW—You do not know what is meant by that either.

Senator Ian Campbell—I just told you; 'consulting' means 'consulting'.

Senator FORSHAW—What will the consultations relate to?

Senator Ian Campbell—You are right. Professor Hogan and his team did consultations. Are you implying that because that has been done, we should stop consultation for the next few weeks, or should an active, proactive minister continue to try to be in touch with the community that she serves?

Senator FORSHAW—Minister, you are—

Senator Ian Campbell—Should I tell the minister to shut up shop and not talk to people? Of course we are going to consult with the industry!

Senator FORSHAW—But the question is about the consultations regarding the further aspects of the recommendations in Professor Hogan's report.

Senator Ian Campbell—We are consulting with them about financial governance, which you guys do not seem to care about. We are consulting with them about a range of things.

Senator FORSHAW—No, you have laid down—

Senator Ian Campbell—Just because you have a thorough review and you announce some policy and you fund it well, putting billions of dollars into aged care over and above what was there before—I mean, it is a contrast to what you did with the Gregory report: sat on your hands, twiddled your thumbs, got confused, did not know what to do. We actually announced a policy, funded it, and now we are going to continue our work. This is a government that gets on with the job.

CHAIR—Can we move on, please.

Senator FORSHAW—I want to get an answer to the question. In respect of recommendation 19, which deals with accommodation payments, it states right at the end there:

> The Australian Government will consult with the community and aged care providers on the appropriateness of the other parts of this recommendation.

I emphases the words 'the appropriateness of the other parts of this recommendation'. I want to know, what does that actually mean?

Senator Ian Campbell—Exactly what it says.

Senator FORSHAW—We ask questions here all the time about what consultations are going on or contemplated, and we get an explanation as to what that involves, like the sorts of issues that are going to be raised. Can you tell me what that actually means, Ms Halton, given that it relates to what is left in Hogan?

Ms Halton—As we have already pointed out, there are some short-term, medium-term and longer-term issues. This particular part of the response—and again I might be verballing the minister, and I apologise to her if I am—is an indication of the desire to keep a dialogue about a number of these issues, particularly in the medium- and longer-term. It is fair to say that in this particular area the government has looked at the balance of the recommendations by Professor Hogan and has decided that on a couple of areas of his propositions they were going to accept or not, as the case may be. They have formulated their response. Consistent with, as you rightly pointed out, the commitment that was given to consultation around all of these issues, there is a preparedness to continue to dialogue with the sector. By that I mean industry and consumer groups.

Senator FORSHAW—But, Ms Halton, let us go precisely to the words. They are 'consultations about the appropriateness of the remainder of these recommendations'. We are here talking particularly about this one. That means that these recommendations are still on the table for consultation with industry, doesn't it? That is what it says.

Ms Halton—As I have said previously, you have asked particular questions about whether we are working on—

Senator FORSHAW—I am trying to understand. The government produces this response and it says down this side of the page, 'Here's the recommendation.' Down this side of the page it says, 'Here's our response in part to these recommendations.' Then it says, 'We're going to consult about the remainder of what's in those recommendations', and in this case the remainder is the difference between what Professor Hogan recommended as a level of charge and what the government has said in this budget it is implementing. It says, 'There's going to be further consultations about the rest of that.'

I am trying to understand precisely what that means. Unless you can say it is ruled out or that it does not involve further consultations on the accommodation charge, it can only be read in that way. That is why I asked: what are the consultations actually going to be directed to?

Ms Halton—I do not have an understanding—

Senator FORSHAW—Okay, you do not. Thank you.

Ms Halton—that we are going to be instructed to go and consult on the level of the accommodation charge. I should be quite clear about that. That is not my understanding.

Senator FORSHAW—Thank you. Can I go now to another measure. This is in relation to the reform of the residential classification system. I think it is found at page 139. The proposal is to combine the current eight levels, of which seven are funded. Isn't that right?

Ms Bailey—Yes. They all receive subsidy.

Senator FORSHAW—Which is the level that doesn't receive funding, other than a subsidy?

Ms Bailey—Category 8.

Senator FORSHAW—And the proposal is to convert those eight levels into three streams?

Ms Bailey—The proposal is to develop a new funding model that would have three categories and two supplements. The work has to be done yet to establish whether it will be a conversion or a new model that is going to be employed.

Senator FORSHAW—How will it work? As I understood it, categories 1 and 2 are high care, 3 and 4 would be a new level of medium care; and then categories 5, 6 and 7 would be low care. Is that the proposal in broad terms?

Ms Bailey—That is a demonstration of what the equivalents might be, but I am not sure yet it is clear that there will be a simple translation of the categories into the new categories. It might require a different funding model, and that is what has to be explored and developed.

Senator FORSHAW—Can you give me some explanation as to why this is happening?

Ms Bailey—There has been, of course, much debate and comment from the industry about needing to simplify documentation in the sector and streamline processes. One way, obviously, would be to streamline the process of having to put people into eight categories into a lesser number of categories. That would, one imagines, have an impact on the level of documentation and administrative burden.

Senator FORSHAW—What is the process that is going to be used to develop the new classification system?

Ms Bailey—We will work with a consultative group to take forward the work we have already done and to come up with options for what a new funding model could be, fitting into the parameters that have been set out by Professor Hogan.

Senator FORSHAW—Has there been any modelling or research done to date to ascertain the level of subsidy that might be applied to each of the classification levels?

Ms Bailey—Not to my knowledge. In the new one, I am not sure.

Senator FORSHAW—Mr Mersiades, I think you were seeking to add something.

Mr Mersiades—No. I was just going to say no, as well.

Senator FORSHAW—You cannot tell me how you will determine the level of subsidy at this point in time?

Ms Bailey—No.

Senator FORSHAW—Is there any guarantee that providers will not incur a loss as the result of this reform process?

Ms Bailey—One of the things we have traditionally looked at when discussing funding models and refinements or new processes is the impact on the home, and that would certainly be a consideration in any further discussion around this. At each home level, the impact of any change is an important consideration.

Senator FORSHAW—But there is no guarantee at this point of time that that will not happen.

Ms Halton—We have not even got to the point of discussing methodology, let alone whether there will be transition arrangements.

Senator FORSHAW—Yes, but I think you know where I am heading on this.

Ms Halton—Yes, I do.

Senator FORSHAW—You have seven or eight classifications, high care and low care. Currently high care is 1 to 4.

Ms Halton—Yes.

Senator FORSHAW—Low care is 5 to 7 or 5 to 8.

Ms Halton—Yes.

Senator FORSHAW—You then convert that into three: low, medium and high. It follows, as a matter of logic at least, that some of the high-care categories could end up in the medium care and that will impact upon the subsidy.

Ms Halton—It also follows as a matter of logic that there will be swings and roundabouts. We have not yet done the detailed modelling around whatever an instrument would look like. Certainly the last time we had a major change in relation to this we had to do very detailed modelling and then look to see whether in fact transition arrangements were necessary. We can have conversations about matters of logic and we will both be right.

Senator FORSHAW—No, but this goes beyond that. The point about logic, Ms Halton, is that, if you take two categories of high and low spread over eight levels and you convert it to three, it invariably means that some of those high-care categories end up presumably in a medium level. Unless there is some guarantee, particularly for homes which have larger numbers of high-care facilities or are exclusively high-care facilities, there is significant potential for them to get a lower subsidy for some of those patients.

Ms Halton—Yes, and my point to you is that as a matter of statistical and mathematical fact you may get movement not only between categories downward, which is what you are implying—that is, therefore a lower level of subsidy—but given this is a zero sum game, you may also get people at a lower level going up.

Senator FORSHAW—But that is more likely to occur—

Ms Halton—On average.

Senator FORSHAW—Yes, but I am talking about in particular facilities. That is what I asked you.

Ms Halton—That applies within a particular facility as well. The reality is that it is a rare facility that has nothing but category 1 residents. In fact, I would be surprised if we have any that are just category 1.

Ms Bailey—A very small number, yes.

Ms Halton—My point to you is that this is an averaging game, that is true, and we also would need to look at transition.

Senator FORSHAW—That is what I am trying to get at. At this point of time there is no guarantee—and I appreciate you cannot give that. It is said that the new system will come in, but there has been no guarantee attached to it that, in the event that it led to some lower subsidies being paid for overall for the home or for a large number of residents, their funding would be maintained.

Ms Halton—Yes. Essentially, you are anticipating a problem. As yet, there is no proof it will be a fact.

Senator FORSHAW—It is not me anticipating it. The industry is raising concerns about it.

Ms Halton—We will go through a process of looking at the instrument and coming up with propositions which, no doubt, will be thoroughly scrutinised by industry.

Senator FORSHAW—Do we know what assessment process will be used to determine which of the three levels will apply for new residents or reappraised residents?

Ms Bailey—That process is part of the work for the new model.

Senator FORSHAW—So that has to be developed?

Ms Bailey—That is right, yes.

Senator FORSHAW—Who would have responsibility for determining the assessed levels of dependency under this system?

Ms Bailey—We would need to draw on a range of experts and the industry and various advisers to consult with and provide advice to us on the options.

Senator FORSHAW—How long is that going to take to develop or finalise? This measure does not come in until 2006.

Ms Bailey—We are working on it at the moment and we will go as fast as we possibly can to have it developed, tested and implemented in 2006.

Senator FORSHAW—Under the current arrangements accommodation bonds are applied to low care.

Ms Bailey—That is correct.

Senator FORSHAW—Will accommodation bonds be applied to the medium-level care categories?

Mr Mersiades—The government said that the current bond arrangements remain unchanged.

Senator FORSHAW—Yes, but the current arrangements are that you have a division between low care and high care. This is a new arrangement where you will have a new three-level classification structure.

Mr Mersiades—I think you said earlier that the high and low represents compartmentalisation of the existing high.

Senator FORSHAW—I never said that. When did I say that? There will be a new medium level of care, and you cannot tell me whether or not residents within that medium level would be subject to accommodation bonds or not.

Ms Halton—The old high becomes high and medium. Low stays low. If your question is: is it our understanding that someone who is currently low, other than because of increased dependency, becomes high or in a category that would not—

Senator FORSHAW—If a person who is low gets—

Ms Halton—An accommodation bond?

Senator FORSHAW—Who is paying an accommodation bond and is categorised as medium and/or a resident who is currently under high and is categorised as medium, what happens in regard to accommodation bonds? You will have to have some consistency across the—

Ms Halton—There are two things we need to take account of. Under current arrangements with Ageing in Place, if you go from low care to high care and you have a bond in place, that bond stays in place. Anybody on that new scale who changes classification, if they were low and go into medium and high, are basically the equivalent of Ageing in Place. Put them to one side. If you were a person of low-care requirement who was newly entering a facility, for example, you should be eligible, subject to your circumstances, to be charged a bond.

Senator FORSHAW—A new resident?

Ms Halton—Yes. Say you, Senator Forshaw, need to be admitted somewhere and you are assessed as low care. As we understand it, it is the intention that you would still be low care in this low, medium and high scenario—in other words, you should basically now be a person who would be eligible for an accommodation charge, but not a bond.

Senator FORSHAW—What happens for a new resident who is classified medium level?

Ms Halton—They would have been classified high under the old scenario and not eligible for a bond.

Senator FORSHAW—Are you saying that all new residents classified medium would have previously been classified high?

Ms Murnane—There is a direct correspondence between low in the new classification scheme and low care—that is, categories 5 to 8—and medium and high correspond to categories 1 to 4. You have two categories in the new scheme that fit into the high bracket and one that fits into the low bracket, and it is only the low bracket to which the accommodation bond applies. There is no ambiguity at all.

Senator FORSHAW—That rules out bonds for medium-level care?

Ms Halton—Absolutely, yes.

Senator FORSHAW—That is what I thought I was trying to find out earlier.

Ms Murnane—I think Ms Halton was saying that.

Senator FORSHAW—It was not clear from the outset.

Senator FORSHAW—It was not clear from the outset. The Hogan review recommended that accommodation bonds be applicable to both low-level care and high-level care. Does this response rule out that recommendation completely?

Ms Halton—The minister has, in my hearing, said explicitly—I think she has also said it in the House—that the government has not changed its policy. They did not choose to take up that recommendation.

Senator FORSHAW—That would not be the subject of further consultation with the industry or the community and the providers? It is not one of those recommendations?

Ms Halton—It is one of those recommendations the government did not take up, as it did not take up, I might add, the recommendation that accommodation bonds should cease having a drawdown component in the separation of debt. There are a number of things that the government chose not to take up.

Senator FORSHAW—Without wanting to revisit that earlier discussion, in a number of these responses you get a response to the recommendation, and then it also said there is further consultation to take place on those recommendations. That clearly leaves people with the strong implication that there is more to come—that those issues have not been completely ruled out.

The provision regarding more aged care places, which is found at page 138, the funding in 2006-07 and 2007-08, a total of $58.4 million: is there any particular reason why there is no funding for this provision in the first two of the four years?

Mr Mersiades—At base, it reflects an accounting treatment by the department of finance in terms of what they recognise as being new money as opposed to existing policy. The main reason that there is no new money reflected in the first two years is that the bringing forward of the 6,000 community care packages from, I think, the 2002-03 or 2001-02 budgets was reflected in the forward estimates, so they were there already.

Senator FORSHAW—Can you tell me the basis for the decision to keep the high-care allocation to 40 per 100? There has been plenty of anecdotal evidence, at least, that there is an unmet need at this particular level.

Mr Mersiades—One of the considerations was that, with Ageing in Place, the distinction between high and low as allocated tends to be blurred and, in fact, a much higher proportion of the total residential places are utilised as high care—60-odd per cent.

Senator FORSHAW—And you have reduced the low-care allocation to 38 per 100.

Mr Mersiades—It is 48, I think, Senator.

Senator FORSHAW—The evidence suggests there is not much unmet need there. What is your response to that?

Mr Mersiades—I think the professor was responding to a preference or a demand that he perceived for an increase in community care. The substitution between low-care residential and community care packages is the more direct comparison to make, and he wanted to emphasise greater choice with community care. He did that by a combination of increasing the ratio and a marginal reduction in low care.

Senator FORSHAW—I have some more questions in regard to this section but I think it might be useful in the interests of time if I put those on notice. But I would flag this one: the estimated expenses for special appropriations—no, I will put it on notice. I think that is the easiest way to do it. I am trying to work through here as to which are the priority issues, given the time issue.

The aged care budget measure new supplement, which is at page 141 of the PBS: can you tell me the rationale behind introducing two new care supplements for dementia and palliative care?

Mr Mersiades—It has to be seen in the context of the decision to broadband the classification scale down from eight to three, and the extent to which in doing that you have the subsidy payment in a base subsidy as opposed to a supplement. The professor, I think, came from the view that residents with dementia and particular challenging behaviours and residents with palliative care requirements and particularly high nursing care requirements had a higher nursing care need and therefore it would be preferable for them to have funding targeted to them so that there was no disincentive on the part of providers not to provide care for that category of resident. It is a balancing act between streamlining and rationalising the number of categories but at the same time not disadvantaging residents with particularly high care needs.

Senator FORSHAW—What were the criteria for the supplements?

Mr Mersiades—They are still being developed.

Ms Halton—When you say, 'What were the criteria?' can you be a little more specific?

Senator FORSHAW—I am trying to understand, for instance, what these new supplements will actually be.

Ms Halton—An additional payment in respect of a resident who is exhibiting challenging behaviours as a dementia sufferer, as it says exactly. As Ms Bailey indicated before, we have quite a lot of work to do on that, and the rate at which it will paid; similarly with the palliative care issue.

Senator FORSHAW—You cannot tell me the costings for this measure at the moment.

Ms Halton—If you read the PBS, and obviously you have, you will see that last sentence:

Costs of this measure will be absorbed from within existing resources.

Essentially what we have to do is look at how care needs costs et cetera are distributed, together with a simpler methodology for enabling providers to claim, and then we will strike the rates, hopefully getting the balance right between all of those things. Again, I have a sense of deja vu here. I have been involved in this process twice in the last few years. This is a difficult exercise.

Senator FORSHAW—Do you have any idea how long this will take to finalise?

Mr Mersiades—It is to be introduced at the same time as the new funding model in 2006.

Senator FORSHAW—It could take all of that time?

Mr Mersiades—It cannot be done in isolation.

Ms Halton—Last time we did this—and this was going at a sprint, literally, from virtually the day after it was announced to when it was introduced—it took at least 12 months to do, because not only do you have to do the development work, you have to make sure everyone is trained. This is an area where the industry will rightly want to scrutinise very carefully the work that is done.

Senator FORSHAW—There is no new funding for these new supplements. Can you explain to me how these can be met within the existing resources? Do you have any idea?

Ms Halton—Can I bore you with a bit of history—briefly, I promise.

Senator FORSHAW—I am never bored by your comments, Ms Halton. I know you have a fair amount of history with the area.

Ms Halton—We started providing funding for dementia in residential hostels in the early 1980s. We have gone through various cycles where we have either provided funding separately or we have rolled it into subsidy arrangements. The current RCS arrangements were designed to reflect a complaint that we did not recognise adequately the behavioural needs of dementia sufferers and that people wanted the funding rolled in. We did that. What you are seeing now is a reflection of people having assessed that and wanting a separate acknowledgment of some of the particular things that are different about caring both for palliative care residents and dementia sufferers.

You are aware, I know, because you have discussed these issues in committee meetings in the past, that there are particular needs of both of those groups which mark them as being somewhat different to other residents. Essentially, the funding for dementia is there in the system at the moment, but it is arguable—and certainly I know people have argued this—that it is not sufficiently targeted and it is masked. This is, essentially, a process of pulling it out and ensuring that it is targeted. Ms Bailey can disagree with me.

Ms Bailey—No, that is the modelling and how it will work. Currently, a lot of the questions on the current scale cover dementia, challenging behaviour, activities, and so we will be reworking those questions and working out how to do that.

Senator FORSHAW—Are you concerned that this might send some worrying signals to residents or their families at the moment?

Ms Halton—In what sense worrying?

Senator FORSHAW—What you are saying is that you are going to unpick the current arrangements because you do not think they are properly targeted and reallocate that funding in a different way.

Ms Halton—What this enables is greater transparency. That is the point here: that what it enables the funding system to do is to say explicitly that there are funding and management issues around people with dementia, particularly around their behaviours. If you draw that out from what is the current funding system, you cannot say, 'That stream there, this amount here, is for that.' It enables not only providers but also families to see that those particular needs have been identified and that there indeed is a funding flow to meet them.

Senator FORSHAW—I am not trying to re-ask the same question, but what you are saying is that you are not able to say at this point in time, in round figures, the amount of funding that is in the system that would be needed to fund these new supplements?

Ms Halton—No, because what we do at the moment is provide funding for a level of dependency. That dependency can come from a variety of contributors, some of which may be behavioural, some of which may not.

Senator FORSHAW—Page 143, the communication advertising measure: can you give me a breakdown of the $14.3 million that will be spent over four years?

Ms Hart—The breakdown of the funding for the communications and implementation measure over the four years is as follows: in 2004-05 it is $7.4 million; 2005-06, $1.2 million; 2006-07, $1.3 million; 2007-08, $1.3 million.

Senator FORSHAW—What will the expenditure actually involve? What forms of communication?

Ms Hart—The funding is to support a wide range of communication activities, including the printing of the reports that have been produced as part of the review so far and the production of information to go to stakeholders, to the community and to aged care providers. It is also to support information that is currently provided on the Investing in Australia's Aged Care web site, and to support the information line. There has been a considerable additional load on the existing information line from queries arising from the budget measures and the impact of that. There are costings included in the communication line to support that.

Senator FORSHAW—Can you set out in a table the various elements of this proposal and the items of expenditure against each type of communication? Do you have that there?

Ms Hart—Do you mean a breakdown of particular activities and allocations?

Senator FORSHAW—Yes.

Ms Hart—I do not believe I have that with me, but I will see if I can get that before the end of this evening. The budget was put together by our communications area.

Senator FORSHAW—Will it involve media advertising? Did you say that before?

Ms Hart—I do not have the full details of that in front of me but I will endeavour to check with them, in their costings.

Senator FORSHAW—But it does involve some media advertising?

Mr Mersiades—I am not sure that the final decisions have been formulated yet.

Ms Hart—There will need to be discussions around strategies for information dissemination and, as I said, at the moment the vehicles are information on our web site and the public information line. I would need to check with our communications area details about additional activities for providing information.

Senator FORSHAW—It says here that $9.3 million is going to be spent in the first year, 2004-05. Can you give me any specific detail about the break-up of that expenditure for the first year?

Ms Hart—No, I cannot, Senator. As I said, there is information I could take on notice to break down the allocations against specific activities that make up the total figure for the communications and implementation funds for this year.

Senator FORSHAW—Is there some particular reason why you do not have that information? Is it because you do not have it here or because it has not been developed yet?

Senator Ian Campbell—I think that part of the portfolio was in earlier today.

Ms Halton—Yes, communications actually were the first item, Portfolio overview. We did that first.

Senator FORSHAW—Yes, but I am asking about this specific measure in regard to aged care.

Ms Halton—Regrettably, we have finished that item in terms of issues for people from whole of portfolio, and they have gone; but we will see what we can find.

Senator FORSHAW—This is a budget item in aged care.

Senator Ian Campbell—The communications part of the department covers the communications for the whole portfolio.

Senator FORSHAW—But this is a budget item in your aged care.

Senator Ian Campbell—We can get you the answer. We do not have a communications section just for aged care in the department.

Senator FORSHAW—I realise that, but I thought the information might be available as we go through the PBS measures for outcome 3. It is $14 million and $9 million in the first year.

Senator Ian Campbell—It is $7.4 million in the first year.

Senator FORSHAW—No, it is not; it is $9.3 million.

Ms Hart—I will certainly undertake to provide that on notice, in consultation with our communications area.

Senator Ian Campbell—It is $14.3 million over four years.

Senator FORSHAW—Yes, and $9.3 million in the first year. I was asking questions about what is in the first year's funding. The details of the package have been announced in the budget. I am trying to find out how that is now going to be communicated—by what means—over the course of the next 12 months.

Ms Halton—As the officer has said, regrettably we did all the communication stuff first thing—that was the request—and the officer has said she will make a phone call and see what we can find.

Senator FORSHAW—Okay. The resident classification scale paperwork review is a non-budget measure, but it is something I want to deal with tonight in case we run out of time. As I understand it, a pilot program was being conducted to look at how we could reduce the amount of paperwork required by nurses.

Ms Bailey—That is correct.

Senator FORSHAW—What has happened to that pilot program?

Ms Bailey—It has been a two-stage project. There was an initial report in 2002 and then a second stage of the report since then. The project identified that there would be merit in trying to reduce the questions from 20 to 11 or 12 and that there would be merit in considering whether you could move from basing funding on assessment of dependency as opposed to care provided, which would break the nexus with care plans. It also looked at whether that assessment for funding could be done independent of the aged care home. That project has been completed to a point whereby there was agreement reached with the liaison group on the

questions, there was agreement reached on the assessment pack to support those questions and a small pilot or usability test of that pack has been conducted.

Senator FORSHAW—The minister made a strong commitment to the project in a speech that she gave on 18 March this year. She said:

... and I'm very keen to ensure that the Paperwork Review is implemented.

Then she said:

There will be a trial implementation of the proposed funding tool as the first stage of the introduction of the new system, which we hope to pilot after July.

That is all redundant now, is it?

Ms Bailey—It is not redundant. We will have a small hiatus in the process, whereby we work out what to take forward of the work already done—which I think will be a significant amount—into a trial of the new funding model. That is the challenge we are trying to work through now, as to how much can we take forward and how that will work. There will be a slight hiatus, but we are hoping that will be as short as possible.

Senator FORSHAW—How much did this review cost?

Ms Bailey—The total cost of the entire project and the pilots was $1.126 million.

Senator FORSHAW—Was that all the costs?

Ms Bailey—That was the cost of all the projects undertaken.

Senator FORSHAW—When you say 'projects', these are the trial projects?

Ms Bailey—There was the original review process and then there was a trial of independent assessment. There was a trial of a model documentation system. There was the development of the reduced questions, an assessment pack, and a pilot of the final product.

Senator FORSHAW—As I understand it, one of the aspects of this was to reduce the number of questions in the paperwork.

Ms Bailey—That is right.

Senator FORSHAW—Was it down to 12 questions?

Ms Bailey—It was 11 or 12. There is still some debate about the final number.

Senator FORSHAW—From how many?

Ms Bailey—Twenty.

Senator FORSHAW—What has happened to that?

Ms Bailey—That work is what had been piloted. Now we will be working out how we can take that work forward into the new funding model.

Senator FORSHAW—Has it been actually cancelled?

Ms Bailey—That project was completed at the pilot stage, which was reported on on Monday for the liaison group. As I said, there will be a short hiatus till we work out the next steps of the new funding model and how we take this work forward into that.

Senator FORSHAW—Is that still on foot?

Ms Bailey—All this work will certainly have to be considered in developing the new funding model, yes. Whether it is all usable or mostly usable is the bit that we will have to work through.

Senator FORSHAW—Wasn't a pilot of this to commence in July?

Ms Bailey—A pilot for usability has been conducted. There was discussion of a national trial, and we will not proceed with that at this stage until we work out how that will work with the new funding model process.

Senator FORSHAW—The national trial was going to occur in July?

Ms Bailey—That is right.

Senator FORSHAW—That is no longer going to occur?

Ms Bailey—At this point, it has been suspended. There will be a national trial of the new funding model. The timing is slightly delayed now until we work out the new funding model process.

Senator FORSHAW—Do you know whether or not the national trial will take place?

Ms Bailey—I am speculating, but I imagine any new funding model will have to have a national trial.

Senator FORSHAW—But not that particular—

Ms Bailey—It will not be exactly this national trial, because these 12 questions may not be the exact questions we need for the new three-category model. That is what we will have to work out.

Senator FORSHAW—Was any announcement made about the fact that it is not going to proceed in July?

Ms Bailey—There was a final meeting on Monday of the industry liaison group which has been advising us on this project, and I explained that the project was finished here for now and that we would be turning our attention to the new funding model and how we could take this work forward in that construct.

Senator FORSHAW—Who is on that liaison committee?

Ms Bailey—The peak bodies: AMHAC, ACSA, ANF and a number of providers. It is on our web site.

Senator FORSHAW—Going back to costs for a minute, can you give us a breakdown of the overall costs, including the review undertaken by Aged Care Evaluation and Management Advisers, the costs for the small trial projects and—

Ms Bailey—Aged Care Evaluation and Management Advisers were paid $220,000 and $275,000.

Senator FORSHAW—Yes.

Ms Bailey—To the Queensland University of Technology for the trial of independent assessment we paid $243,728. To undertake a review of our current chapter 5 of our documentation manual, to make it clearer for homes on how to do it, it cost $105,402. That

was to Urbis Key Young. Applied Aged Care Solutions, to do the work on reducing the RCS questions, an initial $157,592; and a second part of that process, which was to work up the final questions and the assessment pack and do a pilot, was $320,292.

Senator FORSHAW—You have covered the review undertaken by Aged Care Evaluation and Management Advisers.

Ms Bailey—Yes. That was the original RCS review.

Senator FORSHAW—Yes. The small trial projects?

Ms Bailey—The small usability test was done by Applied Aged Care Solutions as part of the stage 2 project and that was included in the $320,292. I could probably give you a cost for the pilot, but I do not have it with me. It was small. I think it was 20 homes and less than 20 residents. It was really just a usability test.

Senator FORSHAW—Any administrative costs?

Ms Bailey—There were costs for the committee to meet. I do not have exactly how many consultative meetings we had, but we did have them probably quarterly for quite a while over this process and a small proportion of our time in the department.

Senator FORSHAW—The proposal in terms of the 12 questions: you are saying that the national trial has been put off.

Ms Bailey—Just delayed.

Senator FORSHAW—Delayed. Will it occur? Can you say whether it will occur or not?

Ms Bailey—What I can say will happen is that in developing a new funding model there will have to be thorough testing and evaluation of the impact of the new funding model. One obvious way of doing that would be a national trial or something of the scope we had planned for this process. I cannot say definitely, but that is a frequently used technique to ensure that we have the system right before it is introduced.

Senator FORSHAW—What is the view of the industry about not proceeding with the trial? Do you know?

Ms Bailey—I could not really speak for the industry but I would note that the first consultancy, done by ACEMA, the original $220,000 one, the first recommendation of that report to the consultative group was that DOHA work to develop a new funding model. That was the primary recommendation, even of this group originally in 2002. I cannot speak for them, but that has been a position put to this group for quite some time.

Senator FORSHAW—But there is no certainty that the national trial will occur.

Ms Bailey—I cannot give you a cast-iron answer, but there will have to be, I imagine, a number of steps taken to assure us that the new funding model works as it is intended and does not have any perverse impacts. A national trial is one obvious way that you would do that.

Senator FORSHAW—On this particular issue of the reduction of the paperwork burden on nurses, how can we be sure that that will happen? It seems that a fair amount of work has been done, but it has hit a brick wall.

Ms Bailey—No, I do not think it has hit a brick wall.

Senator FORSHAW—It is not proceeding, is it?

Ms Bailey—It is just not proceeding in this form at this time.

Senator FORSHAW—Yes.

Ms Bailey—But a new funding model will be developed and the intention of that is definitely to simplify the process.

Senator FORSHAW—You are back to square one. You may have done some work on it, but essentially that proposal which was developed and piloted—sorry, due to be now trialled nationally after piloting—is not going ahead, is it? There might be some newer funding model, but that one—where all this money has been spent—is not going ahead. That is correct, isn't it?

Ms Bailey—That is correct.

Senator FORSHAW—Who decided not to proceed with the national trial?

Ms Bailey—When Professor Hogan made the recommendation for a three category, two supplement funding model, clearly we needed to stop and take stock of what we had done on this project to see how it would fit in that framework. Therefore, it would not be appropriate, I do not think, to do the national trial until we have canvassed all the options and worked out how that might work.

Senator FORSHAW—But who made the decision?

Mr Mersiades—It flows from the government's decision to accept Professor Hogan's recommendation about a new, more simplified funding model based on three categories rather than the more complicated eight category scale.

Senator FORSHAW—But the government made the decision.

Mr Mersiades—No. I said it flowed from the government's decision to move to a more simplified model. Therefore, we are left with having to reappraise what we were doing before so that it fits in with the simplified model.

Senator FORSHAW—You mentioned earlier that committee which you spoke about—

Ms Bailey—The industry liaison group, yes.

Senator FORSHAW—They did not recommend that the national trial not proceed, did they? They were only informed about it, I take it, from what you said.

Ms Bailey—That is right. The discussion was that the process would have a hiatus until we established the process for the new funding model and how to fit this into it.

Senator FORSHAW—Yes. That body, which represents various industry stakeholders, did not have any input into that decision; it was just conveyed to them. I asked you this earlier, but I am not sure if you answered it: if you did, I am sorry. Did the minister make any announcement about the suspension of the trial?

Ms Bailey—The minister announced there would be a new funding model.

Senator FORSHAW—Yes, but about the effective cancellation of the national trial.

Ms Bailey—Delay, I think—hopefully, delay.

Senator FORSHAW—Hopefully delay. It is not going ahead in July. I am just asking did the minister make any announcement. I am not aware that she did.

Ms Bailey—No, I am not aware.

Senator FORSHAW—Any particular reason why not?

Ms Bailey—I could not really speak for the minister.

Senator FORSHAW—I am not sure if you can answer this now, but from what date will any new, reduced resident classification scale be operative? This probably goes back to earlier discussions.

Ms Bailey—The 2006 date is our aim.

Senator FORSHAW—2006. The review that was published back in February—

Ms Bailey—That would be the original ACEMA RCS project.

Senator FORSHAW—Where does that stand now?

Ms Bailey—That had a number of recommendations, including the one to develop a new funding model, but also out of that we took a number of recommendations that were referred to Professor Hogan. A number of the recommendations were proceeded with through the paperwork review reduced questions project that I have just spoken about.

Senator FORSHAW—Sorry, what was that last comment?

Ms Bailey—The ones done by Applied Aged Care Solutions, the review of resident classification scales, the reduced RCS questions project.

Senator FORSHAW—In Professor Hogan's report, he drew attention to the problem of a loophole in the current act in respect of the change of ownership of an aged care provider, which means that the entity may change hands and there is no requirement on the department to approve the new entity, as distinct from the transfer of places. Is that a fair summary of this problem within the current act?

Mr Mersiades—I think he was saying, in particular, that we at the moment do not have a mechanism for obtaining information on key personnel in those instances where an entity takes over an existing approved provider. He felt that was a shortcoming in our system, which the government has accepted. The government will be taking steps to address that shortcoming.

Senator FORSHAW—Can you tell me how many cases there have been in the past year where the entity which owns an aged care facility has changed hands without any approval or involvement of the department?

Mr Mersiades—No, Senator. That is the problem: the current arrangements do not allow us to have that information.

Senator MOORE—How do you find out, Mr Mersiades, that an agency has changed hands?

Mr Mersiades—If it involves a transfer of places from one entity to another, and they come and request that transfer, then we know about it. But if there is a wholesale takeover behind the scenes, there is a totally new entity behind that approved provider, then there is no formal way for us to know about that.

Mr Dellar—A provider is required to notify us of changes in key personnel and, therefore, if there were a takeover—to use Mr Mersiades's term—if new people then became the key personnel for a company, we would be notified of that. That would not definitely tell us that there had been a sale of a company; it would tell us that there had been a change of key personnel.

Senator MOORE—If the key personnel changed and there was a payment, the owner would be one of the key personnel.

Mr Dellar—That is correct.

Senator MOORE—But if it is a company change, the people may not pop up. Is that what you are saying?

Mr Dellar—I am saying that if we were notified that there are different key personnel in a company, then it may mean that the company has been sold, but it may mean any number of other things as well.

Senator FORSHAW—I want to take you to recommendation 15 of Professor Hogan's review, where he deals with corporate information. I will not read the entire recommendation, because you obviously have it there. He recommends that the monitoring and authorisation of transfers should be extended beyond key personnel to personnel of entities owning providers, subject to review after 2008. In the government's response, there is reference to this:

> The Australian Government will provide $33.0 million over the next four years to develop and implement electronic funding and information transfers for all accounting, financial and supervisory requirements relating to providers, with the new arrangements rolled out from early 2005.

There is reference to the $33 million on page 140 of the portfolio budget statement. Can you give us some more information on this $33 million funded measure? Does it seek to address all of the concerns that have been raised by Professor Hogan?

Mr Mersiades—The $33 million measure is largely for two purposes. One is to develop the new payment system to support the simplified funding model, and that takes a very large chunk of it. There is also a proportion involved with developing an electronic commerce capability which will, in the first instance, be what they call a front end to the existing payment system so that we can move quickly to make this arrangement available. Then we will migrate that to the new funding system. That is where the bulk of the $33 million will go. But, over time, I imagine that once we have the new system it can be used for exchange of information more broadly, which could encompass exchange of information on changes of key personnel and those sorts of things. That is to be developed over time. In the short term, the focus is very much on electronic transfer of claims and the like.

Senator FORSHAW—Going back to the issue of an entity changing ownership, there seem to be a number of different issues wrapped up in this measure in terms of reading the

recommendation and then the response. Is the funding in that measure going to somehow deal with the issue of ensuring compliance when an entity changes ownership?

Mr Mersiades—No.

Senator FORSHAW—Is that something to be dealt with by regulation or legislative change?

Mr Mersiades—The funding of the $33 million did not envisage including a capacity to obtain additional key personnel information. We would extend our existing arrangements for obtaining that information. All I am suggesting is that, once you had a fully developed capacity to exchange information electronically, it would not take much to extend that to information such as this.

Senator FORSHAW—What you are aiming to do is to fill a gap in the information?

Mr Mersiades—That is right.

Senator FORSHAW—I am trying to make sure that we understand this. In the government's response, it then goes on to say:

Aged care providers will be required to supply more comprehensive information on ownership and key personnel to assist with the monitoring of the suitability of providers.

How is that going to be done? Is there anything within this funding that is going to ensure that takes place? What can you tell me about that response?

Mr Dellar—It is an issue that we are still working on. We do not have a complete understanding of how we are going to do that at this stage.

Senator FORSHAW—It is not encompassed within the $33 million?

Mr Dellar—Except to the extent that the electronic platform which contains this information may be enhanced through the e-commerce front end and the redevelopment of the systems.

Senator FORSHAW—But that would be a small proportion of it, wouldn't it—almost infinitesimal?

Mr Dellar—Yes, it would be.

Senator FORSHAW—The sort of information database you need there is readily available elsewhere, isn't it?

Mr Dellar—We have an information database at the moment, but it does not have the capacity to talk electronically to the industry. That would certainly be something that would enhance it and make the way we deal with it more efficient.

Senator FORSHAW—The difficulty here is in trying to relate the responses of the government, which refer to the amount in the official response, to what has been identified in the PBS. Can you give me a breakdown of the $33 million? What components will it be spent on?

Mr Mersiades—I will have to take that on notice.

Senator FORSHAW—Thank you. I have some questions about the accreditation agency. I understand there is an increase in funding to the agency of $36.3 million.

Ms Bailey—That is correct.

Senator FORSHAW—That is to be provided in the out-years 2006-07 and 2007-08?

Ms Bailey—That is correct.

Senator FORSHAW—It says it will be provided over four years but the table only shows 2006-07 and 2007-08. It says it is to ensure that the agency is appropriately resourced to maintain the current levels of monitoring and accreditation activity. Can you tell me what has happened with staffing levels in the agency over the course of the last 12 months and what is going to happen in the next 12 months?

Mr Brandon—The agency uses a combination of permanent staff and casual external assessors to meet the changes in the workload. Our permanent staff is around 150 and will stay at 150 throughout this period.

Senator FORSHAW—You will have a decrease overall from where you started at the beginning of 2003-04.

Mr Brandon—We will have a decrease of variable expenses because the accreditation workload is not flat.

Senator FORSHAW—But in actual staff numbers?

Mr Brandon—In terms of FTEs—full-time equivalent people—there will be fewer working for us in 2004-05 than in 2003-04, because 2003-04 was a peak accreditation period.

Senator FORSHAW—How many is that?

Mr Brandon—I do not have that figure with me.

Senator FORSHAW—The advice I have is that it is in the order of 43 FTEs. Does that ring a bell?

Mr Brandon—Sorry, Senator, I do not understand the question.

Senator FORSHAW—The reduction in the equivalent number of staff would be in the order of 43. Can you confirm that figure for me or you are not able to say?

Mr Brandon—I am not able to say. I am not sure where the figure is coming from.

Senator FORSHAW—From some calculations in the budget papers. Are you telling me that you don't know what the actual reduction will be?

Mr Brandon—No.

Senator FORSHAW—The first one, the full-time equivalent reduction.

Mr Brandon—No, because we use a substantially high proportion of casual externals, depending on the workload. The workload moves up and down over the accreditation cycle. I plan to have 150, or thereabouts, full-time staff as the baseline. That will move up as we move into the higher accreditation period in 2005-06.

Senator FORSHAW—Do you have Budget Paper No. 1 handy? It gives on page 10-27 estimates of average staffing levels of agencies in the Australian general government sector under Health and Ageing, Aged Care Standards and Accreditation Agency: 2003-04, average

staff levels 203; 2004-05, 160; the change, minus 43. That is where my figure comes from. I thought you might have had that with you.

Mr Brandon—The change reflects the movement, with 2003-04 being the peak accreditation period. I will have to take it on notice because it appears to me that the externals, which we used for two or three days for an audit, may come back at a different time for another—

Senator FORSHAW—Are they consultants?

Mr Brandon—They are part of the accreditation work force recruited largely from the sector for the purposes of assessments. It appears that the money we spent on those people has been converted into staff numbers. I will have to take it on notice. I cannot provide any more information.

Senator FORSHAW—Thank you. Do you have any sort of detail as to where the $36.3 million might be spent?

Mr Brandon—Yes. We are planning to continue with our education activities. We have also planned an average of 1.25 visits per home per year over the three-year period. The way we came to those figures is that following the ANAO report we built a very detailed costing model based on each home. We worked out how much it would cost us to go to each home for each type of transaction. Then we built another system which allows us to validate those costs against our projections when they occur. We built the budget from a zero base.

Senator FORSHAW—It is more activity.

Mr Brandon—It is a budget based on real activity.

Senator FORSHAW—On page 141 is the provision of $3 million to improve the level of market information and protection provided for residents of residential aged care homes. I am sorry if I am chopping about here, but I am trying to ensure we cover all of the areas. Can we have a breakdown of that figure?

Ms Bailey—That is an allocation that we will be working through the project this year. We do not have any costs incurred yet, so we are not quite sure what the cost attribution will be.

Mr Mersiades—It is from the web based information site. The work has not been done to detail the components of that expenditure at this stage. It is a global allocation.

Senator FORSHAW—Do you envisage it would include the advertising?

Ms Bailey—The idea is to develop a web site for consumers, allowing them to find out all the information about a particular home. I cannot imagine where advertising would fit in there.

Senator FORSHAW—The first paragraph refers to the $3 million to improve the level of market information and then it goes on to talk about an Internet based information system. I was not clear whether the whole of the $3 million is just on the Internet based system or whether you are looking at other aspects of improving market information. Market information could involve advertising. I do not know.

Mr Mersiades—There are two components. One is developing the web based information system. That will require a technical solution but it will also involve a fair degree of

consultation with the sector and consumers as to the type of information that we would have on it. The second component is an amount for the exploration of some sort of standards rating system to see whether this sector lends itself to having such an index summarising the standards of care or amenity. That is an exploratory matter.

Senator FORSHAW—Can you tell me how the rating system will be developed?

Mr Mersiades—The purpose of the funding is to explore how it could be done or whether it is feasible. I would be prejudging the whole process if I tried to do that.

Senator FORSHAW—When would this be likely to be finalised and implemented?

Mr Mersiades—There has been no decision to implement it. It will depend on what the feasibility study tells us. I imagine it will be into the new year before we will have that exercise completed.

Senator FORSHAW—Did you say that it may not be implemented?

Mr Mersiades—I am saying it is to explore it.

Senator FORSHAW—The PBS says:

> An internet-based information service as well as a 'star rating' system will be developed to provide consumers with better information on the quality of care in aged care homes, as well as information on fees and services.

It is going to happen.

Mr Mersiades—There will be a web site. The web site will certainly be developed.

Senator FORSHAW—I am talking about the star rating system. This was a recommendation of Professor Hogan. Is it or isn't it going to happen?

Mr Mersiades—In the response, it was to explore the feasibility.

Ms Halton—We are doing the work necessary for it to happen. We will assess the development work once we have done it.

Senator FORSHAW—You are going to do the work to develop the system but it may not necessarily be implemented? That has not been determined yet? I want to know.

Ms Halton—The point that Mr Mersiades is making is that this is something of a new area. We will do the work, then we will make an assessment about its utility to consumers.

Senator FORSHAW—If the PBS says it 'will be developed to provide consumers', I read that literally. That is what it tells me.

Senator MOORE—But the web site part will definitely be implemented? That is a certainty?

Ms Bailey—There is an intention to develop a web site for consumers.

Senator MOORE—Who will develop and manage the ongoing life of that web site?

Ms Bailey—The ongoing management is yet to be decided. We will be working in the department in the aged care division to develop the original proposal and to get it operating. The longer-term issues we will have to work through, as we understand what it is and how complex it is.

Senator MOORE—And there has been no decision about who actually owns the web site?

Ms Bailey—As I read Professor Hogan's intent, it was to bring together a whole lot of disparate information that already exists in probably a whole lot of sources into a more easily identifiable place for consumers, possibly under the home. That will be our first task, just to scope out what information we need to bring together and how easy that is, and then who owns the various bits of information, licensing agreements, and that will have to be worked out as part of the whole process.

Senator MOORE—And then the ongoing maintenance.

Ms Bailey—That is right, yes.

Senator MOORE—Once you pull it together, then the expectation will be created that it will be accurate. First of all, it is doing the preliminary work to get it together, but then you will have to work out, as part of the plan, who will maintain it.

Ms Bailey—The implementation plan and the ongoing maintenance and updating will have to be worked through.

Senator MOORE—Mr Mersiades, can you explain to me the comment that it is a global fund. What do you mean by that? That was in one of your preliminary answers to this question.

Mr Mersiades—My take on the senator's question was that he wanted the detailed breakdown of the costs of developing the web site.

Senator MOORE—Each component, yes.

Mr Mersiades—I am saying at this stage that we do not have that detailed breakdown.

Senator MOORE—You have a funding pool?

Mr Mersiades—What we have is a broad estimate.

Ms Halton—Speaking of which, this might be the appropriate break in the traffic. Senator Forshaw was asking some questions before—and it is a related item—on information. We have the person from the information area back.

Senator FORSHAW—About what, sorry?

Ms Halton—Information. You remember you asked the question about the 14-point whatever it was?

Mr Mersiades—Communication. We have the person back to answer your question.

Senator FORSHAW—I am happy to hear that but I do have some important areas I still want to try and—

Ms Halton—It will take about a minute, allowing for sitting down time.

Senator FORSHAW—Okay.

Dr Wooding—You were asking about the $14.3 million information implementation and training measure. I am giving you four-year totals. I am not going to break it down year by year, but of the $14.3 million, $3 million is for the department's costs in establishing the implementation unit to do the implementation and the training and also for managing the

information aspect of the measure; around $400,000 is set aside for some web support and information line. That is not the web site we were just talking about but web support specifically about the entire aged care strategy.

Then the rest of the money is largely about providing information to providers and consumers about what the strategies mean for them and what they can expect. The first initial part of that is $200,000 set aside for market research and consultation with the providers and consumers to work out the best way of getting the information to them, what they can expect from the package and what they need to know and need to do.

Senator MOORE—That is a specially focused program?

Dr Wooding—Yes, to find out the best way of doing it, because we do not know yet the best way of getting to these people. The remainder of the money is notionally split; $3 million to communicate with the providers and around $7.7 million up to $8 million for the consumers. Until we have done the market research, we do not know the modality. This could be using printed material which is mailed or distributed in other ways. It could involve more web site activity still. It could involve meetings and consultations with people. It could, indeed, involve advertising. We cannot rule that out but we have not decided that yet, until we conduct the research. Fundamentally, that is as much information as I can provide at this stage but once we have done the market research, we will know a lot more about how we are going to go about communicating with these providers and consumers.

Senator FORSHAW—Thank you.

Ms Halton—It was a bit longer than a minute. Sorry.

Senator FORSHAW—That is all right. We have some more questions on the prudential arrangements but we will put them on notice, I think, in the interests of moving on. I do have a couple of other areas that I want to try and get finished. As to auctions, auction systems for place allocations that were recommended by Professor Hogan, will the department or government rule out auctions of aged care places as part of the response to the Hogan review?

Senator Ian Campbell—Sorry?

Senator FORSHAW—Will the department or the government rule out implementing auctioning of aged care places in its response to the Hogan review? It was recommended by Professor Hogan.

Senator Ian Campbell—Firstly, the government has not accepted all of Professor Hogan's recommendations. I do not think any reasonable person would expect us to do that, although it is a very fine and well researched body of work.

Ms Halton—It is not a recommendation.

Senator Ian Campbell—No. Secondly, I will not rule anything in or out on behalf of a minister in another place, just as I would not expect them to answer a question about roads, territories or local government on my behalf.

Ms Halton—And we are not doing any work—

Senator FORSHAW—That is a no; you will not rule it out?

Senator Ian Campbell—No, it is not. It is saying I will not answer a question.

Senator FORSHAW—If we were talking about roads—I am just asking a straightforward question.

CHAIR—No, please listen to the answer.

Senator FORSHAW—I did listen to the answer.

Senator Ian Campbell—My answer is that I will not answer on behalf of a minister or ministers in the other place. It is entirely inappropriate for me to make policy in their area just as it would be entirely inappropriate for Mr Abbott or Ms Bishop to make policy in relation to roads, territories or local government for me, in another place.

Senator FORSHAW—You are representing the minister.

Senator Ian Campbell—But the secretary can supply you with a similar answer that she gave you last time you tried to put words into my mouth.

Ms Halton—We are not doing any work on this issue at all.

Senator FORSHAW—Yet.

Senator Ian Campbell—Once again, if you do not get the answer you want, if we do not follow your script, you decide to answer it the way you want.

Senator FORSHAW—The point, Minister, is that I do not get an answer at all. That is the point.

CHAIR—Can we move on, please.

Senator Ian Campbell—The secretary of the department says that the department is doing absolutely no work at all on this proposition that you have put. Yet that is not good enough for you.

CHAIR—Please, can we move on?

Senator FORSHAW—Yes, I am moving on. I am going to complete these.

Senator Ian Campbell—Do you think we have a phantom in the department somewhere doing secret research?

Senator FORSHAW—Minister, I am not going to allow your comments to go unchallenged.

Senator Ian Campbell—I am not going to allow yours either. You are not going to put words into my mouth or that of the secretary of the department and get away with it.

Senator FORSHAW—I am not putting words—

Senator Ian Campbell—Because you will go off tomorrow and put a press release out saying, 'Government refuses to rule this out, or rule that out.' I am not going to allow you to get away with that game, because too many of your shadow ministers go around doing that.

Senator FORSHAW—Minister, this is not a game. This is a $7.2 million review.

Senator Ian Campbell—No, it is not a game, but you are making it a game. This is a government that has done a policy, that has funded it, and you are trying to play games.

CHAIR—Order!

Senator Ian Campbell—Why don't you get on with the questions and let us do the answering? You ask the questions; we will answer them.

CHAIR—Order! Can I ask for some order. It is now 25 past 10.

Senator FORSHAW—Yes. We just wasted five minutes.

CHAIR—Senator, there is no point in finger pointing. There was wasting of time from you, too. Can we now move on?

Senator FORSHAW—I do not think I was. I reject that entirely.

CHAIR—Yes, I expect you would. But can we now move on? Can you cease verballing people and ask questions and you will receive answers.

Senator FORSHAW—The question I asked was: would the government rule it out?

CHAIR—You have been given an answer to that question, Senator. Could you please continue?

Senator FORSHAW—I heard the response. I point out that these were recommendations by Professor Hogan in his review and this document is headed the Australian government's response to that review. It is on that basis that I have asked the questions and I have made my comment. Catholic Health Australia said that the auctioning of beds would result in costs being passed on to residents in higher fees. Does the department agree with their analysis that that would be the effect of an auction based system—that it would lead to higher fees?

Senator Ian Campbell—We have just said we are not doing any work on that proposition.

Senator FORSHAW—Could I have an answer to the question?

Ms Halton—Sorry, Senator, I was focusing on—

Senator FORSHAW—Catholic Health Australia said, in its response and its comment about this recommendation from Professor Hogan, that an auction system—

Ms Halton—Sorry, can we be absolutely clear: this is not a recommendation from Professor Hogan. It is in the section titled 'Options for Further Consideration'. In fact, in the preamble it says 'all of, or parts thereof, may prove impractical'. This is in the longer-term section.

Senator FORSHAW—Yes.

Ms Halton—It is not part of, as I read it, something he is recommending.

Senator FORSHAW—Yes, but my question here is whether or not the department agrees or disagrees, or whatever, with Catholic Health Australia's comment, because this issue was dealt with in the Hogan review. You say it is longer term, but he has made a statement about it.

Ms Halton—Mr Sullivan has said what?

Senator FORSHAW—He has said, paraphrasing his comments, that the costs will be passed on to residents by way of higher fees. I just want to know if that is something the department would agree with or not.

Ms Halton—We do not have an opinion about his comment, because we have not done any work on this issue.

Senator FORSHAW—Not at all?

Ms Halton—Not at all.

Senator FORSHAW—No work has ever been done on it?

Ms Halton—No, we have not done work on these options. I would therefore not express an opinion about Mr Sullivan's opinion.

Senator FORSHAW—There was also a comment that, in the longer term, consideration should be given to effectively a voucher type of system. I ask the same question: will the department or the minister or the government rule that out as part of its response to the review?

Ms Halton—The department has no response to the review.

CHAIR—There is no response by the department, Senator. I do not know how many times you have to be told. There is no response.

Senator FORSHAW—I am asking a different question.

Senator Ian Campbell—Same question and similar thing. It is not a recommendation and no work has been done on it.

Senator FORSHAW—No work has been done on the voucher system?

Ms Halton—No.

Senator FORSHAW—The 40 per cent concessional threshold: what is the government, or the department's response to that recommendation from Professor Hogan—that the 40 per cent threshold be abolished? This is for the concessional resident supplement.

Ms Halton—The government maintained its existing policy in its response.

Senator FORSHAW—It is rejecting that. Is that it?

Ms Halton—It has chosen not to vary its existing policy.

Senator FORSHAW—You are not ruling it out?

Ms Halton—Refer to my earlier answer.

CHAIR—Stop playing games. Let us move on.

Senator FORSHAW—Sorry. What was the answer, Ms Halton?

Ms Halton—I said refer to my earlier answer.

Senator FORSHAW—That you have no answer, okay.

Ms Halton—No. That this is not an answer the department does not rule ever out.

Senator FORSHAW—And you, Minister?

Senator Ian Campbell—We have given you the same answers all night. You say it is not a game, but you are making it a game.

CHAIR—We are really getting to a new low here, Senator Forshaw.

Senator FORSHAW—No. Chair, you can take that view—

Senator Ian Campbell—We have just confirmed our existing policy. If you want to play your game I could say, 'Does the Labor Party rule out auctions? Does the Labor Party rule out bonds?'

CHAIR—They do not have a policy.

Senator Ian Campbell—Let us see your policy.

CHAIR—There is not one.

Senator Ian Campbell—This is the party that had the Gregory report and sat on it.

Senator FORSHAW—Do not worry, you will.

Senator Ian Campbell—It will be like Knowledge Nation, won't it? It will come out about six hours before the election.

Senator FORSHAW—You spent $7.2 million on this review and there are recommendations and views expressed in that review which have not been responded to by the government as to whether they accept or reject—

Senator Ian Campbell—Sorry, you have just called things recommendations that are not even recommendations.

Senator FORSHAW—There are recommendations and there are also observations.

Senator Ian Campbell—This is the party that has been in opposition for eight years and has not come up with a policy yet. When it was in government it had a review and did nothing with it. You have a long way to catch up on.

Senator FORSHAW—You obviously do not treat these issues as seriously as others do.

Senator Ian Campbell—We treat them very seriously. This government has had a review done by an expert, come up with a policy and funded it.

Senator FORSHAW—Can I ask about aged care approval rounds, the December 2003 stocktake. We asked back in the February round on questions on notice for details of the stocktake figures of provisional places and actual places at the end of 2003. We were provided with some answers, but they were national figures. It is question EO4-208, for your reference. What I would particularly like to know—and I am not sure if you can give me this tonight, but I would like it as soon as possible—is the ratio of allocated places, high and low residential places and CACP by aged care planning region; the ratio of operational places, high and low residential places and CACP by aged care planning region; and the number of EACH packages. I can give you these in writing after, if you like. You will take them on notice?

Mr Mersiades—Yes, Senator.

Senator FORSHAW—How many of the provisional places are more than two years old, by aged care planning region?

Mr Dellar—I would need to take that question on notice.

Mr Mersiades—We have the national figure, but not by planning region.

Senator FORSHAW—That is right. The figures you gave us in the answer to that question on notice were national. How many allocations have been revoked in the last 12 months?

Mr Dellar—I would need to take that question on notice.

Senator FORSHAW—Thank you. Chair, it has just gone 10.30. I do have quite a lot of other questions on other issues I wanted to pursue, but I am prepared to put those on notice.

Mr Dellar—Can I just answer the question that you just asked me, which is how many provisionally allocated places were lapsed or revoked? In the period ending 31 December 2003, the total was 315, of which 59 lapsed, 51 were revoked and 205 were surrendered.

Senator FORSHAW—Thank you. That saves you having to come back to me on that. I do not have any further questions, other than those that I wish to place on notice, Chair; and I thank the officers for their attendance.

CHAIR—Thank you very much for that. Any further comment?

Senator Ian Campbell—I will do that at question time.

Senator MOORE—I have a question Senator Crossin has requested to be asked on the Office of Ageing to do with their vision program. She has 12 questions. They can go on notice, I can ask them, or is it worthwhile going on to drugs for half an hour?

Ms Halton—We have the drugs people here.

Senator MOORE—Then I will put Senator Crossin's questions on notice.

CHAIR—I was also going to ask a couple of questions on aged care. There were some issues about trend lines and funding and beds and so forth that I believe would be useful for the committee to have, and indicators of both the past performance, current situation and the out years. There is some information I believe that is available. I am hoping that that might be able to be tabled.

Senator Ian Campbell—You are seeking just historical data on aged care funding levels for residential aged care, government expenditure on aged care, 1995-96 through till the out years; allocated aged care places through till 2007; National Respite Carers Program from 1995 through till 2004; government support for residential aged care 1995 through till 2004; and total allocated aged care places 1995 through till 2003? I am happy to table that.

CHAIR—Thank you very much.

Ms Halton—Can I answer a question that I said to Senator McLucas I would try to find the answer to?

CHAIR—Certainly, Mr Halton.

Ms Halton—I can only do this in chunks of time. This is in respect of questions and when they were provided. The answer is: to the end of the week that they were due, 112 were provided to people; in the following fortnight there were 48; and the balance were provided over the following month.

CHAIR—Thank you, Ms Halton. Thank you to all the officers. Some may have already left, but thank you to those remaining for their time here this evening. I know it has been a long haul. Goodnight.

[10.42 p.m.]

CHAIR—Now we have our friend who does drugs, so to speak—and I am quoting Ms Halton—who does it in the nicest possible way. That is outcome 1 and we have 24 minutes on it. Senator Moore is going to be the first batter.

Senator MOORE—Ms Hefford, the first couple of questions are on the National Illicit Drug Strategy. I ask your indulgence to help me read the budget papers as they appear, because it is page 71 of the PBS. I know that this is the cross-departmental allocation, so we are only dealing with the allocation that refers particularly to your agency. The opening statement is that $161.7 million has been allocated over the four years.

Ms Hefford—That is right.

Senator MOORE—And the funding in 2005-06, 2006-07 and 2007-08 in your own agency is $2.8 million each year. Is that correct?

Ms Hefford—That is correct.

Senator MOORE—What exactly is that $2.8 million in those out years 2005-06, 2006-07 and 2007-08 to cover?

Ms Hefford—There are a number of initiatives which were introduced by the government in the previous budget.

Senator MOORE—2003-04?

Ms Hefford—Yes, which were time limited. There were two that went for two years. These have both been extended out now. They were terminating and they have now been brought into the forward estimates process. The two are the national comorbidity initiative and the national psychostimulants initiative.

Senator MOORE—They are the two of the previously initiated funds that have been extended as part of the National Illicit Drugs Strategy?

Ms Hefford—That is correct.

Senator MOORE—So they ceased to exist in their previous incarnation and are now funded through this program?

Ms Hefford—No. They have exactly the same place in the program as they had previously but previously they were down to terminate in 2004-05. This budget reflects the fact that they have now been given ongoing status and records the level of funding coming through in 2005-06, 2006-07 and 2007-08. My understanding is that at that stage they would be treated as a regular lapsing program which we would review and we would seek to have them brought forward again.

Senator MOORE—Is that the full allocation for those two programs?

Ms Hefford—That is correct. They were both only quite small initiatives to begin with.

Senator MOORE—The actual expectation is that they were due to lapse. Now they are continuing the work they were doing?

Ms Hefford—That is correct.

Senator MOORE—That is just going to be funded for a longer period. Is that right?

Ms Hefford—That is correct.

Senator MOORE—Two other initiatives that were funded in 2003-04 in the same kind of period were the National Research Fund and the rural and regional initiative?

Ms Hefford—That is correct.

Senator MOORE—Can you tell me what the fate of those two funds is?

Ms Hefford—They were never terminating after two years. They were always in for the full four years, so they always showed up, in 2004-05, then 2005-06 and 2006-07, as four-year forward estimate initiatives.

Senator MOORE—They just appear in ongoing spending?

Ms Hefford—Yes.

Senator MOORE—Are there any other funds that had been previously funded in 2003-04, in that same list, that have been determined to cease at the end of their two years?

Ms Hefford—No, nothing has ceased.

Senator MOORE—Can we get any detail about how the expenditure has been going on those two funds—national psychostimulants and national comorbidity—during their existing period?

Ms Hefford—I will take that on notice because there are a range of projects under way and the exact spend level at this point I would rather take on notice.

Senator MOORE—Sure. Has the decision to continue the funding been based on a review? They were due to finish. Has there been a formal review of their work which has initiated the decision to continue?

Ms Hefford—No. The government made a decision to continue this work. We had not yet reached the review point.

Senator MOORE—Will the review strategy continue in terms of the pre-existing timetable now that the extra funding is coming?

Ms Hefford—They would now come up as initiatives due for review in 2007-08, because they are in the forward estimates up until that date. In the normal budget cycle you would do the review on what would be a lapsing program in the last year that exists in forward estimates, so I would imagine that we would be asked by the department of finance to review those initiatives in 2007-08.

Senator MOORE—As those two now have successfully not lapsed, there is no need to do the review. Is that right?

Ms Hefford—Most lapsing programs have a standing review arrangement.

Senator MOORE—Now that they are not lapsing, there is no need for a formal review?

Ms Hefford—Not until 2007-08.

Senator MOORE—Have the recommendations in the evaluation of the first phase of the Illicit Drug Diversion Initiative been used to inform the implementation of what we now know as the second phase of the diversion scheme?

Ms Hefford—Only in part. The review which was conducted by the department of finance found that there was not comprehensive data on diversion across all states and territories. The issue was that some states and territories were slower in implementing some aspects of diversion and therefore the data was not flowing through at the time that the review was undertaken and was not sufficiently comprehensive. As we have gone to a process of renegotiating for the next phase of diversion we have been able to look on a state-by-state basis at the individual issues that were identified as not travelling particularly well, and we have been able to work with state and territory governments on those.

In general terms, it has meant things like looking more at rural and regional centres, where perhaps diversion had not been implemented as well as it had been in capital cities, and further work with police about the way in which they manage young offenders. One of the interesting things about the diversion program is that drug use and misuse vary substantially from state to state.

Senator MOORE—Yes, there were great variations in the first report.

Ms Hefford—Yes, and the approaches you need to manage, therefore, vary quite a bit. You would not expect that the agreements on a state-by-state basis would necessarily be very compatible, but they are all within the existing framework.

Senator MOORE—Has an ongoing monitoring and evaluation strategy been built into the second phase of the initiative?

Ms Hefford—As most state agreements are reworked to take account of the second phase of funding, in most cases there are evaluations being built in at a state level, but we would also be looking eventually to do some national evaluation. It would probably not be until 2006-07, but we would be looking again to do a broader national evaluation and look at whether or not the data was giving us some significant findings.

Senator MOORE—What could the reason be at any level to not have an in-built review mechanism? I note in your answer you said 'in most of the state strategies'.

Ms Hefford—I did not mean that we would not ask all states to build in evaluation mechanisms. Not all states have yet finalised their next-stage agreement.

Senator MOORE—Would there be an expectation from the national group that there would be an evaluation?

Ms Hefford—There would be, but we are in negotiation with several states still.

Senator MOORE—Until it is agreed, you cannot—

Ms Hefford—Yes.

Senator MOORE—In terms of the evaluation strategy, given what you told me in the first answer—that there was such a wide variation—is it possible to have a standard review mechanism?

Ms Hefford—I think that it is possible for us to sit down with our colleagues from state and territory governments and identify what is the key performance information that is significant and to agree to collect that nationally. We might not get the same outcomes and the pathways to a particular point might be different on a state-by-state basis. They would almost certainly be different for young Indigenous offenders. Regardless of those pathways, I think we will be able to agree particular outputs or outcomes that we are able to collect data about.

Senator MOORE—When is it expected that the second phase will be concluded?

Ms Hefford—At the moment, it would be the end of the 2006-07 financial year.

Senator MOORE—That would be when the review process would need to be concluded as well?

Ms Hefford—Yes. You would probably start around October-November of 2006 and hope to have something by about April 2007.

Senator MOORE—Is that the second period of four-year funding?

Ms Hefford—That is right.

Senator MOORE—So any expectation or hope of a further extension would be based on what comes out of this series?

Ms Hefford—You would certainly want to have an evaluation or a review of the way diversion was operating, because it is a substantial investment by government.

Senator MOORE—It is $215.9 million over the current four-year period. What was the expenditure in the first four years?

Ms Hefford—$110.9 million.

Senator MOORE—I am not even going to try to do that calculation at this time of night.

Ms Hefford—In part, that reflects the fact that the program grew from quite slow beginnings, so the last year of the first four years was the year of biggest spend and the $215 million replicates that last year spend out over the next four years.

Senator MOORE—The second program flowed at that period, so it gained energy as it went along?

Ms Hefford—Yes.

Senator MOORE—What consultation has been conducted into the development of the new National Drug Strategy 2004-09?

Ms Hefford—We began the process almost 12 months ago. We ended up with a small writing group, which was both from the government and the non-government sectors. It included representatives from the Australian National Council on Drugs, representatives from Commonwealth, state and territory governments, health officials and law enforcement officials. We did a number of drafts.

At one stage earlier this year, when we thought we had a close to reasonable draft, we put it on the web site and we sent copies out to hundreds of people. We had links to the ADCA web site and the ANCD web site. We received 66 quite comprehensive submissions in response to that draft and quite a lot of other informal feedback and comment. A lot of it was very

positive. On 20 May—just over a week ago—the draft was considered by the Ministerial Council on Drug Strategy at its meeting and was endorsed by all state and territory governments and the Commonwealth government.

Senator MOORE—When was the draft—that you described as reasonable—put on the web site?

Ms Hefford—The broader public consultation period was throughout March and April.

Senator MOORE—Two months?

Ms Hefford—About seven weeks. Close to two months.

Senator MOORE—You also had direct mailing to a certain group?

Ms Hefford—To everybody who had been on an expert committee or an advisory committee or had been in any way associated with providing advice to officials or to ministers in the period of the previous strategy.

Senator MOORE—How does that compare with the consultation around the previous drugs strategy?

Ms Hefford—It is a different arrangement.

Senator MOORE—I know it is a different time and all those things.

Ms Hefford—Different times and different arrangements. There were not the established mechanisms then, so there was a process the first time around of advertising in the press. I think the sector has grown since then and there is more open dialogue and more willingness for people to work collaboratively. We did not have any difficulty with having it mentioned on web sites and accessed through a number of other channels, but we did not feel there was a need to go to the press. It might have been a different approach if we were starting to get comments that suggested we did not have the draft quite right, but a lot of the comments were very supportive.

Senator MOORE—Have you had any concern by people about the length of time for consultation?

Ms Hefford—Not at all.

Senator MOORE—You were able to get a full endorsement at the national meeting?

Ms Hefford—Yes.

Senator MOORE—In 2000, the Ministerial Council on Drug Strategy supported the development of a national prevention agenda under the National Drug Strategy. Has this prevention agenda been developed?

Ms Hefford—There is not a prevention agenda as such. There are a number of initiatives under way, one of which has been funding some substantial research, and a monograph on prevention, which is a world-class document, is currently at the printers. We expect it to be available sometime during the next 10 days to two weeks. It was such a significant piece of work that when we received the final draft we not only had it peer reviewed nationally but internationally as well.

Since that time, officials have worked collaboratively to look at issues raised in the draft document and at how we can take some of those forward in Australia. There are currently two working groups that have been established to look at particular things that we can do.

Senator MOORE—What is the nature of those groups?

Ms Hefford—They are made up of health and law enforcement officials from all states, territories and a number of Australian government agencies.

Senator MOORE—Do they have two distinct purposes, the two working groups?

Ms Hefford—Yes, they do. One is looking at establishing a tool kit of all the currently developed and available techniques, resources that can be used by school counsellors, youth group workers, parents; people who have the capacity to make a significant intervention for young people at a point when they may be encountering difficulties.

The second group is looking at how we can better map the pathways that young people go through and the points at which those interventions could be made. This involves looking at, for example, school counsellors and youth workers and whether or not there are structured ways in which you can make information available to them and get them into the loops that exist for some other groups.

We know, for example, that there are associations of school principals and some other professional groupings that are better structured and better organised so the issue is: if people are youth workers who work around young people's drop-in centres in capital cities, are there ways in which we can get resources to them and get support to them and help them identify points at which they can make the best intervention?

Senator MOORE—Were the working groups self-appointed or were they sought?

Ms Hefford—They came from a workshop of all Commonwealth, state, territory, government health and law enforcement officials and they do also have access to a range of experts. One of the resources we have in the way in which we manage the National Drug Strategy is a pool of expertise that we can tap into at any stage: people who have been appointed to expert committees over the years, who work in research centres, who work in some of the larger treatment services. We are able to tap into their resources and ask them to join us at any time.

Senator MOORE—From that pool of interested people the two working groups—

Ms Hefford—No, and in fact the tool kit group has subcontracted some work out. The Australian government is providing some funding to support these groups and to help them with particular research projects and to subcontract particular parts of the work.

Senator MOORE—But not the other one? The tool kit group—

Ms Hefford—The pathways group has not yet identified a particular project that they want contracted out in any way.

Senator MOORE—How big are the two groups?

Ms Hefford—They have about nine or 10 people each on them.

Senator MOORE—What is the time frame for their work to be completed?

Ms Hefford—There is a report back to the next meeting of the Ministerial Council on Drug Strategy, which is in November.

Senator MOORE—This year?

Ms Hefford—This year.

Senator MOORE—You did tell me that the monograph was almost ready for publication.

Ms Hefford—At the printers, yes.

Senator MOORE—That is very close. Is it likely to be this financial year?

Ms Hefford—I imagine we would have it before the end of the month. The monograph was approved by the Ministerial Council on Drug Strategy at a previous meeting and it has been in final edit.

Senator MOORE—My understanding is people have been waiting for it.

Ms Hefford—That is right.

Senator MOORE—Its reputation is already out there.

Ms Hefford—Absolutely, both nationally and internationally, and it is very much sought after, yes.

Senator MOORE—Have we got time to do National Alcohol Harm Reduction Strategy. There are only two questions and, to the best of my knowledge, that would complete it, but I will not promise. Has the alcohol industry implemented the recommendations arising from the review of the self-regulated advertising system that were required by 31 March 2004?

Ms Hefford—In every case except one, which I think is the appointment of a public health official to the review committee. My understanding is they are currently interviewing potential candidates. If they have made an appointment, I have not yet been advised of that appointment. In other respects, they have complied with the requirements.

Senator MOORE—Down the list of recommendations, tick, tick, tick, and the one we are not sure of is actually the appointment of that official.

Ms Hefford—That is correct.

Senator MOORE—There is no question about it happening but whether it has been concluded?

Ms Hefford—That is correct.

Senator MOORE—Was there any recommendation for a time for that to be concluded by?

Ms Hefford—The recommendations that came out of the ministerial council were that the alcohol industry would have six months to comply with the requirements. The six months was technically up at the end of March or beginning of April I think. At that stage they had begun interviewing and had indicated a willingness to appoint and I am not sure what the issue might be, whether it is the availability of the person they want, but it would be a matter that we would give them some—

Senator MOORE—A minor slippage?

Ms Hefford—Yes.

Senator MOORE—The review into alcohol advertising indicates that the NCRAA will continue to monitor the system. When will the committee report again on its monitoring activities?

Ms Hefford—The committee will report again to the ministerial council at its next meeting in November. In order to ensure that the monitoring process is reasonably robust, the Australian government has separately funded some media monitoring activity. Our preference would not be to say when we will be monitoring advertising and the nature of that monitoring because we think that in fairness it ought to not be something the industry could plan around.

Senator MOORE—I think that would be only fair. Out of what funding did that allocation come to do the special monitoring?

Ms Hefford—Out of funding that is available within the branch from the current Alcohol Harm Reduction Project.

Senator MOORE—If there is anything that I have not done justice to Senator Denman on, she will follow up, but, according to what I have here, that is what we have in outcome 1 against your portfolio. Thank you very much, and we do appreciate your coming back. I know that she has put a lot of questions on notice as well.

CHAIR—Thank you for coming in and thank you for staying around.

Committee adjourned at 10.59 p.m.