COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

THURSDAY, 2 JUNE 2005

CANBERRA

BY AUTHORITY OF THE SENATE

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **http://www.aph.gov.au/hansard**

To search the parliamentary database, go to:
http://parlinfoweb.aph.gov.au

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Thursday, 2 June 2005

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

Senators in attendance: Senators Allison, Barnett, Crossin, Forshaw, Humphries, Knowles, Moore, Tchen and Webber

Committee met at 9.05 am

HEALTH AND AGEING PORTFOLIO

Consideration resumed from 1 June 2005

In Attendance

Senator Patterson, Minister for Family and Community Services

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
Ms Wynne Hannon, General Counsel, Legal Services Branch

Business Group

Mr Alan Law, Chief Operating Officer, Business Group
Mr Stephen Sheehan, Chief Financial Officer, Finance Branch
Ms Eija Seittenranta, Chief Information Officer, Technology Group
Mr Mark Gladman, Acting Assistant Secretary, Legal Services Branch
Mr Gary Williamson, Assistant Secretary, People Branch
Ms Tania Utkin, Assistant Secretary, Program Management Improvement Branch
Ms Meredith Fairweather, Acting Assistant Secretary, Communications Branch
Ms Laurie Van Veen, Director, Communications Branch
Ms Virginia Dove, Executive Director, Communications Branch
Ms Christine King, Assistant Secretary, Corporate Support Branch
Ms Judy Develin, Assistant Secretary, People Branch

Portfolio Strategies Division

Mr David Webster, First Assistant Secretary, Portfolio Strategies Division
Ms Shirley Browne, Acting Assistant Secretary, Parliamentary & Portfolio Agencies Branch
Mr Jamie Clout, Assistant Secretary, Budget Branch
Mr Richard Eccles, Assistant Secretary, TGA Transition Unit

Ms Julie Roediger, Assistant Secretary, Economic & Statistical Analysis Branch

Audit & Fraud Control

Mr Phillip Jones, Assistant Secretary, Audit & Fraud Control Branch

Outcome 1—Population Health

Population Health Division

Mr Andrew Stuart, First Assistant Secretary, Population Health Division
Ms Moira McKinnon, Medical Officer, Biosecurity and Disease Control Branch
Dr Leslee Roberts, Acting Assistant Secretary, Biosecurity and Disease Control Branch
Ms Rachel Balmanno, Acting Assistant Secretary, Strategic Planning Branch
Ms Sarah Major, Assistant Secretary, Food and Healthy Living Branch
Ms Jenny Hefford, Assistant Secretary, Drug Strategy Branch
Ms Carolyn Smith, Assistant Secretary, Targeted Prevention Programs Branch

Business Group

Mr Alan Law, Chief Operating Officer, Business Group
Mr Stephen Sheehan, Chief Financial Officer, Finance Branch
Ms Eija Seittenranta, Chief Information Officer, Technology Group
Mr Mark Gladman, Acting Assistant Secretary, Legal Services Branch
Mr Gary Williamson, Assistant Secretary, People Branch
Ms Tania Utkin, Assistant Secretary, Program Management Improvement Branch
Ms Meredith Fairweather, Acting Assistant Secretary, Communications Branch
Ms Laurie Van Veen, Director, Communications Branch
Ms Virginia Dove, Executive Director, Communications Branch
Ms Christine King, Assistant Secretary, Corporate Support Branch
Ms Judy Develin, Assistant Secretary, People 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, Director, TGA Laboratories
Mr Pio Cesarin, Director, Non-Prescription Medicines Branch
Ms Rita Maclachlan, Director, Office of Devices, Blood and Tissues
Dr David Briggs, 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 Christianna Cobbold, Director, Joint Agency Establishment Group
Mr Michel Lok, Assistant Secretary, Financial Services Group
Ms Terry Lee, Assistant Secretary, 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

Food Standards Australia New Zealand

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

Ms Claire Pontin, General Manager, Office of Safety & Services, Food Standards Australia New Zealand

Ms Melanie Fisher, General Manager, Office of Food Standards, Food Standards Australia New Zealand

Dr Marion Healy, Chief Scientist, Food Standards Australia New Zealand

Mr Dean Stockwell, General Manager, Food Standards (Wellington), Food Standards Australia New Zealand

Australian Radiation Protection and Nuclear Safety Agency

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

Mr Peter Brandt, Project Director, Regulatory Review, Australian Radiation Protection and Nuclear Safety Agency

Outcome 2—Medicines and Medical Services

Medical and Pharmaceutical Services Division

Ms Judy Blazow, First Assistant Secretary, Medical and Pharmaceutical Services Division

Ms Joan Corbett, Assistant Secretary, Pharmaceutical Benefits Branch,

Dr Ruth Lopert, Pharmaceutical Policy Taskforce

Mr Allan Rennie, Assistant Secretary, Pharmaceutical Access & Quality Branch

Ms Samantha Robertson, Acting Assistant Secretary, Medicare Benefits Branch

Dr Jane Cook, Senior Medical Adviser, Medicare Benefits Branch

Mr Tony Kingdon, National Manager, Office of Hearing Services

Professional Services Review

Dr Anthony Webber, Director, Professional Services Review

Mr John Jenner, Executive Officer, Professional Services Review

Outcome 3—Aged Care and Population Ageing

Ageing and Aged Care Division

Mr Nick Mersiades, First Assistant Secretary, Ageing and Aged Care Division

Mr Stephen Dellar, Assistant Secretary, Residential Program Management Branch

Ms Gail Finlay, Assistant Secretary, Quality Outcomes Branch

Mr David Martin, Director, Management Information and Data Analysis Section, Policy and Evaluation Branch

Ms Mary McDonald, Assistant Secretary, Community Care Branch

Ms Fiona Lynch, Assistant Secretary, Office for an Ageing Australia

Ms Elizabeth Cain, Head, Pricing Review Implementation Unit

Dr David Cullen, Executive Director, Financial and Economic Modelling and Analysis Group

Ms Alice Creelman, Acting Assistant Secretary, Policy and Evaluation Branch

Aged Care Standards and Accreditation Agency

Mr Mark Brandon, Chief Executive Officer, Aged Care Standards and Accreditation Agency

Mr Ross Bushrod, General Manager, Aged Care Standards and Accreditation Agency

Outcome 4—Primary Care
Primary Care Division
Mr David Learmonth, First Assistant Secretary, Primary Care Division
Ms Lisa McGlynn, Assistant Secretary, Budget and Performance Branch, Primary Care Division
Mr Alan Singh, Acting Assistant Secretary, General Practice Programs Branch, Primary Care Division
Ms Judy Daniel, Assistant Secretary, Primary Care Policy Branch, Primary Care Division
Ms Megan Morris, Assistant Secretary, Primary Care Programs Branch, Primary Care Division
Outcome 5—Rural Health
Health Services Improvement Division
Ms Margaret Lyons, First Assistant Secretary, Health Services Improvement Division
Mr Dermot Casey, Assistant Secretary, Safety and Quality Branch
Mr Brett Lennon, Assistant Secretary, Health Workforce Branch
Ms Jan Bennett, Assistant Secretary, HSID Taskforce
Ms Marian Kroon, Acting Assistant Secretary, Health Priorities and Suicide Prevention Branch
Ms Angela Reddy, Acting Assistant Secretary, Rural Health and Palliative Care BranchMs Irene Krauss, Acting Assistant Secretary, E-Health Policy Branch
Outcome 6—Hearing Services
Medical and Pharmaceutical Services Division
See outcome 2.
Outcome 7—Indigenous Health
Office of Aboriginal and Torres Strait Islander Health
Ms Alison Larkins, Acting First Assistant Secretary, Office for Aboriginal and Torres Strait Islander Health
Ms Joy Savage, Assistant Secretary, Health and Community Strategies Branch
Ms Yael Cass, Assistant Secretary, Workforce, Information and Policy Branch
Mr Mark Thomann, Assistant Secretary, Program, Planning and Development Branch
Outcome 8—Private Health
Acute Care Division
Ms Rosemary Huxtable, First Assistant Secretary
Mr Charles Maskell-Knight, Principal Advisor, Medical Indemnity Branch
Ms Linda Addison, Assistant Secretary, Private Health Insurance Branch
Ms Paula Swift, Acting Assistant Secretary, Acute Care Strategies Branch
Mr Chris Sheedy, Assistant Secretary, Diagnostics and Technology Branch
Dr David Barton, Medical Adviser, Diagnostics and Technology Branch
Dr Bernie Towler, Medical Adviser, Executive Branch
Ms Kim DeLacy, Acting Assistant Secretary, Acute Care Development Branch
Private Health Insurance Administration Council
Ms Gayle Ginnane, Chief Executive Officer, Private Health Insurance Administration Council

Private Health Insurance Ombudsman
Mr John Powlay, Private Health Insurance Ombudsman
Medibank Private
Ms Sarah Bussey, General Counsel, Medibank Private
Mr George Savvides, Managing Director, Medibank Private
Mr Bruce Levy, Group Manager Health Services, Medibank Private
Outcome 9—Health System Capacity and Quality
Health Services Improvement Division
See outcome 5.
Portfolio Strategies Division
See Whole of Portfolio.
e-Health Implementation Group
Dr Brian Richards, First Assistant Secretary, e-Health Implementation Group
Mr Tam Shepherd, Acting Assistant Secretary, e-Health Implementation Group
Outcome 10—Acute Care
Acute Care Division
See outcome 8.
Outcome 11—Health and Medical Research
Office of the National Health and Medical Research Council
Professor Alan Pettigrew, Chief Executive Officer, Office of the National Health and Medical Research Council
Dr Clive Morris, Executive Director, Office of the National Health and Medical Research Council
Ms Cathy Clutton, Executive Director, Office of the National Health and Medical Research Council
Mr Nhan Vo-Van, Executive Director, Office of the National Health and Medical Research Council
Mr Mick Hoare, Acting Executive Director, Office of the National Health and Medical Research Council

CHAIR—Good morning, one and all. I reopen this public hearing of the Senate Community Affairs Legislation Committee considering the budget estimates. The committee will now continue examination of the Health and Ageing portfolio. I welcome back the secretary to the department, Ms Halton, and the officers. Hopefully we will be welcoming the minister soon. The committee has completed outcomes 2, 5, 6, 9, 11 and 4 and the Professional Services Review agency. We will now continue with outcome 1, Population health, and the other outcomes and agencies as detailed on the agenda. Senator Forshaw?

Senator FORSHAW—Thank you, chair. I have a couple of questions on the public health outcome funding agreements. The government announced in August last year, 2004, that it would provide an additional $18.5 million to the states and territories under the PHOFAs. As I understand it, that was to compensate for cuts that had been proposed earlier. I am correct in that, am I?

Mr Stuart—It is a little more complex picture than that, Senator.

Senator FORSHAW—Could I add something and you can give me an explanation. As I understand, the additional estimates provided $15.2 million. I am wondering why there was a discrepancy between the $18.5 million promised and the $15.2 million provided. Is there any additional funding to make up that gap or any other additional funding to be provided in this budget?

Mr Stuart—There was an additional $21 million provided to the states and territories for the PHOFAs over a five-year period.

Senator FORSHAW—When was that?

Mr Stuart—A five-year period beginning in 2004-05 and extending until 2008-09. There is a line in the additional estimates at the top of the page 49 that shows the additional funding.

Ms Halton—Not the PBS.

Mr Stuart—The top line on page 49 of the additional estimates document. What might be giving rise to some confusion is that that shows four years of funding. The PHOFAs are a five-year agreement, but the budget books show only four years of forward estimates. So the $21 million additional is a five-year figure over the five years of the PHOFAs.

Senator FORSHAW—Of 2004-05 through to—

Mr Stuart—2008-09.

Senator FORSHAW—Tell me again what was in those additional estimates.

Mr Stuart—The figures over the four years that are in the AEs document are $156,000 in 2004-05, $4.48 million in 2005-06, $4.98 million in 2006-07 and $5.48 million in 2007-08. And there would be a similar figure in 2008-09, but I do not have that in front of me.

Senator FORSHAW—So those figures you just read to me—I have not added them up—

Ms Halton—The residual is the 21. So the last year, take all of those away—

Senator FORSHAW—Will take it up to 21?

Mr Stuart—Will take you up to 21.

Senator FORSHAW—Do those figures add up to 15.2? Does that sound right, or is my figure not correct?

Mr Stuart—Something close to that, yes.

Senator FORSHAW—That is probably where that figure has come from. So what you are saying is that the full commitment of the $21 million will be forthcoming?

Ms Halton—That is correct, Senator.

Senator FORSHAW—Moving to other issues generally before we get to the agencies, can we deal with bowel cancer screening. Back in the election campaign the government promised to make screening for bowel cancer a major priority. As I understand it, $25.5 million was promised over the period 2005 to 2008. Can you explain to me what is provided for in this budget with regard to that commitment? I have some figures here which are taken from Budget Paper No. 2. Maybe you can take me through it and we will see what needs to be asked after that.

Mr Stuart—What is provided for is in fact total funding of $43.4 million, which includes both the $25 million in new additional funding and the existing funding for the continuation of the bowel pilot scheme that was in place previously. That amount of funding is to be spent over three years of the forward estimates, with a review in 2008.

Senator FORSHAW—That is as I understood it. Is this funding being provided for an ongoing pilot?

Mr Stuart—I do not think the word 'pilot' is quite right. The government has decided to phase in a national bowel cancer screening program.

Senator FORSHAW—It says on page 207 of Budget Paper No. 1 that screening will continue to be phased in and the results will be evaluated fully prior to the 2008-09 budget with the aim to extend this screening, if successful on clinical grounds, to all Australians over 55 and Indigenous Australians over 45. Can you explain that statement? It sounds as though a decision will have to be made prior to the 2008-09 budget as to whether or not it should be extended, effectively universally, to those groups, which is what I understood the original commitment was.

Mr Stuart—Perhaps I should outline what we are going to be doing over the next three years.

Senator FORSHAW—That would help if you would clarify that.

Mr Stuart—Sure. First of all and importantly, we are going to move from the pilot phase into a phased-in national program in which all Australians turning 55 and all those turning 65 will be sent an invitation to participate in the program at some stage shortly after they have their relevant birthday. So initially two years worth of people turning 55 and turning 65 will obtain an invitation under the program. That will be a million people over the two years of that process Australia-wide. Also very importantly, we are going to continue the existing pilot sites and reinvite people who have previously participated. That will tell us quite a bit about whether people re-enrol after having participated—whether they participate again—whether new cancers are found and so on. So learning more from the existing pilots and extending the program on a national basis on a phased-in basis is what is going to be happening over the next three years. The government will then look again at the program and evaluate where we are. As you will see, it says 'with the aim to extend this screening, if successful on clinical grounds'.

Senator FORSHAW—I would like an explanation as to what that means, because it suggests, at least on reading, that for it to be extended nationally it has to be, as it says, successful on clinical grounds. What if it is not?

Ms Halton—Senator, if I can make an additional comment on this. Exactly as Mr Stuart says, we have not gone around again with a group of people, and we have another issue which we are testing now which is scale. So whilst we have done a pilot in a number of geographic areas, we are now scaling up, so we are going to pick up two whole cohorts of the population, and we are going to have the experience of picking people up a second time. So it is very difficult—we actually think it is probably premature—to roll out a whole program across the country until we understand those two additional issues: scale—how do you actually manage even the work force issues around a program of this size and potential complexity and what

will be the behaviours?—and, indeed, what we will find when we actually start screening people a second time. So this next phase gives us an opportunity to scale up and to understand those things before we put in place a full-blown and large program nationally.

Senator FORSHAW—To summarise that, we will end up with a national screening program?

Ms Halton—That is the intention.

Senator FORSHAW—That is what you are saying will happen?

Ms Halton—Yes, that is quite clear. The commitment is quite clear.

Senator FORSHAW—I know the commitment is clear. I am trying to ensure that the commitment is clear in these documents.

Ms Halton—The message here is that the commitment was that by the end of the period we would have moved to a national program. The pilots as they stood did not look at—because they could not—the two things I have just outlined: scale and the second screening. So what we are going to do through this process is basically pick up those couple of issues. That will then enable us to design a program and ensure not only that we use funding effectively and efficiently but also that we are managing this consistent with our experience, epidemiology, issues around work force et cetera. Professor Horvath might like to say something.

Prof. Horvath—Also since the pilots were initiated, a further interesting but slight complication is that there is a new technology that is not yet fully evaluated in this role and that is virtual colonoscopy, a totally different technology which has not yet found its place in all of this screening. During this period one of the things that will need to be looked at is the role of virtual colonoscopy as against colonoscopy for people found with occult blood and other similar technologies of imaging that are coming on line. So this will give us an opportunity to look at that particular work force as well as to where they will fit in.

Senator FORSHAW—The commitment was to have a screening program which was based on screening every two years, was it not? Is that correct? That was the original position. Is that still where you are endeavouring to head to on this? I know you said that is one of the two issues.

Mr Stuart—As the secretary outlined, the work that we are now doing will put us in a good place to do that—rolling out a program nationwide and looking at the experience of that for two cohorts of people, and testing further in the pilot what happens when we reinvite after two years. We will be in a good position.

Senator FORSHAW—But at this stage you cannot say that it will be eventually a program that involves screening every two years.

Ms Halton—The commitment is the commitment, and that is the intention. With all of these things we are learning as we go along. Based on what we currently know, that commitment is what would be recommended and what would be completely appropriate. What I cannot give you a guarantee on, which I think is what you are trying to get me to say, is that regardless of the evidence that is what we will implement. That is the commitment and

that is the intention. All I am saying is that we will learn through the process we will go through.

Senator FORSHAW—I can appreciate that. I am just trying to ensure that the commitment is as it originally was.

Ms Halton—The commitment is the commitment.

Senator FORSHAW—I know, but you are saying to me that the commitment is still what it was when it was made.

Ms Halton—Yes, it is.

Senator FORSHAW—Including the intention to have it every two years. Can you give me any more clarification of what would be meant by 'successful on clinical grounds'. I confess that I am not a practitioner.

Ms Halton—I will defer here.

Senator FORSHAW—Is there some way you can explain that to me?

Prof. Horvath—These are precisely the things I alluded to: that there is successful colonoscopy and that there is enough work force to do the colonoscopies. Looking at the role of virtual colonoscopies, they may in fact overtake traditional colonoscopies. It is too early to tell. So it is really ensuring that the product we want—that is, picking up the appropriate cancers at the appropriate intervals—is doing the right thing.

During this period, too, there are a number of international groups that are doing similar things and we are going to be informed by them. So, as the secretary says, that is the commitment. The aim is to appropriately screen people at the appropriate intervals and pick up the cancers. In this three-year period we will learn more—the correct way to do it—and implement it accordingly. So that is what is meant by 'clinically successful'.

Senator FORSHAW—I understand what a colonoscopy is. A virtual colonoscopy, I think—I was going to say that I have a picture of that, but I do not want to use a bad pun at this hour of the morning.

Prof. Horvath—Virtual colonoscopy is a non-invasive form.

Senator FORSHAW—I assumed that is what it would be. That would certainly make it a lot easier.

Prof. Horvath—A lot more pleasant.

Senator FORSHAW—Well, not so much pleasant. In terms of trying to screen the entire group in the population that you are targeting, virtual colonoscopies would be a much easier process to administer than the traditional one.

Prof. Horvath—Correct.

Senator FORSHAW—Is there any indication of what the cost of a national screening program would be if it was implemented either now or in a couple of years time using the traditional means? Do you have any understanding of the magnitude of that event?

Ms Halton—At this point, no. We have played around with a series of scenarios, but I am actually loath to put a figure in the public arena because it actually does depend on a variety

of factors—the numbers of things you find, the technology you are actually going to end up using and the work force that you are going to pick up. Again, one of the reasons we have taken the route we have is that we actually do need to understand a series of things before we can put in place something which is robust both in terms of the outcomes its achieves and in terms of its costs.

Senator FORSHAW—Yes, but I would have thought that it would not be too hard to calculate at this point in time what the cost of a national screening program would be using the existing techniques for the population group that we are targeting.

Mr Stuart—It depends on the savings as well as the costs.

Ms Halton—Yes. Certainly you can cost the kits. You can come up with an estimate, depending on the number of people who actually present and then go through various stages, of those costs. What you do not know is how many of them actually will go from testing to some kind of symptom through to the end of the process. What you do not know is how many of those people would have otherwise cost you unknown amounts elsewhere in the health system if they had not been caught at that point. So trying to work out the actual net cost is actually quite difficult. I have to say that I have personally seen a variety of spreadsheets on this subject, not all of which you could have necessarily got past our colleagues in the department of finance.

Senator FORSHAW—I was not seeking that sort of detail. I appreciate the point you are making, but I was only thinking about the cost of a program, if you like, which involved the initial screening to say whether it was—

Mr Stuart—I think it depends very much on the net impact on the level of colonoscopy in the community as a whole. One of the things we do not understand is how much colonoscopy that is currently being done would not be done.

Ms Halton—Would be displaced, for example.

Mr Stuart—If we are regularly screening, using a different technology—using the test kits—a million people in a two-year period.

Senator FORSHAW—What proportion of the target population now would be actually having this testing done?

Mr Stuart—We have some figures on colonoscopy, but we do not know whether there is any—

Senator FORSHAW—You might take that on notice. I am trying to get a picture of what is happening now, because obviously there is an identified need to get many more people having this testing done.

Ms Halton—Essentially we know, obviously from the Medicare statistics, how many colonoscopies are done. We can easily give you that data. What we do not know is how many of those—we could do some of this obviously using the Medicare data, but we do not know how well targeted they are. We do not know at what point in the disease process they are. There is a whole series of things about them we do not know. This is, I suppose, part of Mr Stuart's point about working out the costs. You may end up with displacement—some of

those colonoscopies not needing to be done et cetera. But in terms of the aggregate number that are done, we are happy to tell you.

Senator MOORE—Ms Halton, just listening to your answers, it does seem that there are great similarities in the whole program to that which we went through with developing the breast-screening process.

Ms Halton—It is not dissimilar.

Senator MOORE—Just looking at the answers and also the process leading to it. Has this particular program taken advice or given some sort of credence to all of that work—

Ms Halton—Is informed by.

Senator MOORE—So that whole process has led to that—

Ms Halton—Of course. Essentially, what we are doing here is utilising expertise—epidemiological, and I could go on and on. All of that is very much informed by our experience of these big screening programs.

Senator FORSHAW—That is all I had on that particular issue.

Senator MOORE—Ms Halton, I have a couple of questions about a program we heard about during the election campaign which was called Australian Women—Opportunities for Life, Women's Active Living Kits. It has a cute acronym: WALK. It was actually given some publicity that it was going to be brought in to encourage particularly women to get involved in active walking that would help their health in the long term. We want to know whether it is happening and where we can find it.

Senator Patterson—It is in the other portfolio. They will give you some information about it.

Senator MOORE—Which portfolio is it in?

Ms Halton—FaCS.

Senator MOORE—And why is that in FaCS and not in Health, apart from just that is where you put it?

Ms Halton—It is with the Office for Women.

Senator Patterson—I will give you some material on that.

Senator MOORE—That would be good. So it is in their budget, Minister?

Senator Patterson—As far as I can remember. I cannot remember every detail about it.

Senator MOORE—Once again, it is the standard question about whether your department will have involvement, Ms Halton, because of the linkage with Health. Is there any particular branch or division of your area that would be involved in any kind of working group or interdepartmental discussion on a program like this?

Ms Halton—I am not aware of that, but certainly I will make a point of talking to the head of the office and ensuring that we are connecting in.

Mr Stuart—We have had some discussion at officer level already.

Senator MOORE—Yes. It just seems to be a Health link, the same as some of the other programs in your area that are encouragement to better health—that pre-emptive strike on health.

Ms Halton—To be fair, the head of the office and I are actually currently playing phone tag, so I suspect this is one of the issues she wants to talk about.

Senator MOORE—Thank you, Minister. If we could get that advice, that would be good.

Senator ALLISON—Has the number of complaints the department received in relation to tobacco advertising changed over the past five or 10 years? What were the number of complaints received in the last year?

Ms Hefford—The number of complaints generally is very small. I can get a precise number for you. I do not have it on me at the moment—for the 2004-05 year?

Senator ALLISON—I am wondering about trends as well as the most recent data.

Ms Hefford—Over the most recent three years?

Senator ALLISON—Will three years give us a trend? What about five years?

Ms Hefford—I will take it on notice and get you the numbers.

Senator ALLISON—What, generally speaking, is the nature of those complaints? Can they be broadly summarised?

Ms Hefford—An example is where there is a particular event which has an exemption, say the grand prix event, and a photographic image of a car appears in the press. That is usually judged to be incidental. The point of the picture in the press was not tobacco advertising; it was to feature the winning car or a particular car in the event. They are therefore out of scope in terms of something that would normally be prosecuted as a breach.

Senator ALLISON—Would it be possible to get a breakdown of the nature of the complaints over that period of time?

Ms Hefford—Yes. We can do that, certainly.

Senator ALLISON—Does the department monitor that incidental tobacco advertising through exempted events?

Ms Hefford—We certainly do monitor. Where we believe we have encountered a breach we would, as a matter of course, refer that matter to the Australian Federal Police for their investigation. Where they are able to obtain what they think is sufficient evidence to make a case, they would then be willing to go to prosecution. A recent example was the internet site that was operating in Victoria and was promoting and selling cheaper cigarettes.

Senator ALLISON—I was referring to the incidental advertising that was coming from the grand prix and—

Ms Hefford—We certainly monitor anything that may be considered advertising and go through a process of determining whether or not we believe it is incidental or actual.

Senator ALLISON—And how many such circumstances were there in the last 12 months?

Ms Hefford—I will take on notice the number of cases we think were likely to have been a breach. I mean, obviously there are more that we would discount as being clearly incidental. I do not know that we would have a record of those.

Senator ALLISON—Why is it that the annual report does not discuss the number of complaints that were received or the nature of them or the number that were investigated?

Ms Hefford—The department's annual report?

Senator ALLISON—Yes, on the tobacco advertising.

Ms Hefford—Again, it is a very small number.

Senator ALLISON—Couldn't the report say that?

Ms Hefford—Certainly.

Senator ALLISON—The government has announced that it does not intend to change the TAP Act. When will the report from the review of the TAP Act, which I understand was completed in 1992, be made publicly available?

Ms Hefford—The TAP Act came into effect in 1992. The review of the TAP Act was announced 10 years later.

Senator ALLISON—I beg your pardon. How old is the report of the review?

Ms Hefford—We did not produce a report on the review process. What we did produce was a quite comprehensive discussion paper which sought to draw out comments, views and suggestions from members of the public, from experts in the field and from all of those organisations with an interest, like the cancer councils and so on. We distributed that discussion paper very widely. We made it available on our web site. We promoted the idea that people might want to make submissions to that. Over a period of a couple of months we received 395 submissions about the review of the TAP Act.

It is fair to say that on the whole we were disappointed with the level of analytical and conceptual discussion in those submissions. By far the greatest number of submissions that the department received in relation to that review were from collectors of model cars who wanted to be sure that there would be no prohibition on their importing model cars that were replicas of cars which had participated in grand prix events and might, as a consequence, because they are exact replicas, have advertising or branding on the model. We did not get a lot of submissions from people that went to the substance of promoting or advertising tobacco products, and we did not get submissions which suggested ways in which we could meaningfully address changes to the TAP Act.

Senator ALLISON—And that is why you did not produce a report of the review?

Ms Hefford—We did produce a report. We then went to a panel of experts and said, 'These are the submissions we've received. This is the issue being raised in those submissions. Can you please make comments about those and suggest ways in which we could take this forward?' Less than half of the expert panel we approached actually made any comments. While one or two of them actually did make comments to suggest that the legislation could perhaps be strengthened in some way or amended in some way, nobody was able to provide us with any quantitative analysis or any detail that would enable us to take the issue forward.

Senator ALLISON—Were all of the submissions made public?

Ms Hefford—No, they were not. What we made available to the expert panel was in effect a summary— something which addressed the issue that had been raised in the submission. But we did not provide copies of people's original correspondence to that panel.

Senator ALLISON—Why not?

Ms Hefford—Because, as I said, by far the greater majority of them were from people who collected model cars and things of that type. They were not of a nature that would have made them meaningful in terms of analysis of the TAP Act and what possible amendments you could consider for the TAP Act.

Senator ALLISON—Did you receive submission from the cancer councils?

Ms Hefford—We did indeed.

Senator ALLISON—And they were not substantial?

Ms Hefford—They were substantial in that they were advocating change. They were not substantial in being able to document a rationale for that change or quantify how you would argue for that change. Because the TAP Act is actually regulatory legislation and has an impact on business, to go with an amendment to the TAP Act you would have to provide a regulatory impact statement. You would have to be able to quantify—

Senator ALLISON—Is that the department's job?

Ms Hefford—It is, but you would have to have the belief that, on the basis of having talked with experts in the field, you could gather the evidence or the data that would make the case. When we approached individuals with expertise in this area, they were not able to provide us with quantifiable data or evidence that we believed we could package in any way to have any degree of rigor and be likely to withstand any degree of scrutiny.

Senator ALLISON—And you thought it was their responsibility to do that?

Ms Hefford—We thought that as experts in the field if they were aware of any evidence or research or data that we were not aware of it was worth seeking their views. We thought that was a useful process to go through. Unfortunately, it did not generate the level of evidence or suggestion even in terms of where we could go to obtain that evidence.

Senator ALLISON—So even these submissions were not handed to the expert advisory panel?

Ms Hefford—The basis of their submission, the issues they were raising—

Senator ALLISON—But why would you not just give them a copy of the whole report? If the criticism was that it was not substantial enough, why would you summarise it and give them something even less substantial?

Ms Hefford—To go from a submission that argues that you should amend this section of the act to prohibit is a statement that you can provide to somebody. If that was then not backed up by any data or evidence or nobody else was able to provide us with any data or evidence, we clearly felt that there was very little opportunity or very little scope for us to mount a case.

Senator ALLISON—You made the decision rather than the expert advisory panel by the sound of it.

Ms Hefford—The government in the end.

Senator ALLISON—Can a copy of the summary be provided?

Ms Hefford—Certainly.

Senator ALLISON—I do not think I am interested in the model cars, but what about those submissions from the cancer councils and whatever substantial submissions there might have been? Is there any reason why they should not be made public?

Ms Halton—Senator, we need to be clear that we cannot put in the public arena information unless we have the authority of the people who provided it. It would not be appropriate for us to take a decision on that. If what you are asking is for us to go back to each of the people who put in a submission, other than in respect of model cars, we can do that. But I think we need to be perfectly clear: we cannot take a decision on their behalf in that respect.

Senator ALLISON—So which of the submissions asked for their submission to be confidential?

Mr Stuart—The presumption, Senator, would be that submissions are confidential unless it is clearly specified otherwise.

Senator ALLISON—And none of those were clearly specified as being not confidential?

Ms Hefford—I would have to go back and look again at each of the 395 submissions to see. Are you asking if there may be submissions where people have said, 'I'm happy for this information to be made public'?

Senator ALLISON—Correct.

Ms Hefford—I would have to go back and look at each of the 395 submissions again. Is that what you are asking?

Senator ALLISON—You do not need to look at the model car ones obviously. We are not interested in those, but the Cancer Council and any other substantial peak body submissions.

Ms Hefford—So you are interested in those that have identified that they are willing for their submission to be made public?

Senator ALLISON—It would be useful to have a list of who made the submissions. That might be possible for a direct approach to be made to those organisations by myself.

Ms Halton—We are happy to do that, Senator.

Senator ALLISON—The difficulty we have, Ms Hefford, is that you have taken the submissions and you have summarised them. We do not know what that summary is. We do not know whether it is at odds with what the submissions were all about. We do not know what information was given to the expert advisory panel. Obviously you did not give them the full submission. Why I cannot imagine. It seems that this is more of a sham than any sort of review. The department itself made a decision on the basis of some economic disbenefit to the tobacco industry. It is kind of hard to get a grasp of what was wrong with the review if we are not privy to those submissions.

Ms Halton—Let us start by saying that the department does not make decisions in this respect.

Senator ALLISON—Well, it just did, Ms Halton.

Ms Halton—The government—

Senator ALLISON—We just heard that it did. There was no review. The department made up its mind and presented a summary.

Ms Halton—Senator, the government—

Senator Patterson—Excuse me, Madam Chair, we need to make sure that we have one person speaking at a time. Ms Halton was just interrupted. I know Senator Allison feels very strongly about this, but she needs to let the secretary of the department finish her answer before she asks the next one or makes a statement.

CHAIR—Yes, I have made that point often during the hearings. It is difficult for Hansard also to record two people speaking simultaneously. Ms Halton.

Ms Halton—Thank you, Madam Chair. Senator, the reality is that the process of managing this review is not a decision of the department. The relevant minister, or in this particular case parliamentary secretary, is the person who guided the operation of this review. So to say that the department has decided is not an accurate reflection of how the process of government operates. I also think, as Ms Hefford has indicated, that there has been a careful analysis of the material provided. We have offered to give you a list of the people who have made the submissions—very happy to do that. At the end of the day, you are at liberty to approach those people if you wish to receive a copy of their submission. So I think the best thing to do is just to agree that we will give you a list of the people who had provided a submission and then if you wish to approach them to receive their submission, by all means.

Senator ALLISON—So it was the minister who oversaw this decision about not making the submissions available to the expert panel. Is that what you are saying, Ms Halton?

Ms Halton—The process, which was undertaken, was signed off by the parliamentary secretary. That is correct.

Senator ALLISON—Thank you. Was there in fact a draft report of any sort prepared?

Ms Hefford—No, there was not.

Senator ALLISON—So there was the discussion paper, there was the summary of the submissions and they were the only documents that were produced?

Ms Hefford—That is correct.

Senator ALLISON—Did the panel itself make any sort of report?

Ms Hefford—Fewer than half the panel members responded to our request for advice.

Senator ALLISON—Okay. So you sent the summary to them? It did not come together?

Ms Hefford—No, we asked them as individuals with expertise in particular aspects—for example, expertise in legislation or expertise in communications and advertising or expertise in tobacco control. We went to people from a range of areas. Only a small number of those responded.

Senator ALLISON—Is it possible to get a full list of those who are on the review panel?

Ms Hefford—Yes, certainly.

Senator ALLISON—And a list of those who made a response? Were those responses made public? Are they available?

Ms Hefford—No, they were not. They were not made public.

Senator ALLISON—Were they compiled in any way? Were they put together in a report to the minister or the parliamentary secretary, perhaps?

Ms Hefford—We did not prepare a document bringing all of our reports together, no.

Senator ALLISON—Okay. So, where did they go?

Ms Hefford—The file.

Senator ALLISON—The minister saw them, perhaps?

Ms Hefford—We provide advice to the minister and the parliamentary secretary, certainly.

Senator ALLISON—So this was some sort of report on the basis of what came back from the expert panel?

Ms Hefford—It was briefing and advice to the minister or parliamentary secretary in this case.

Senator ALLISON—So is that verbal advice or in writing?

Ms Hefford—In writing.

Senator ALLISON—So this is the report, effectively?

Mr Stuart—No, this is advice to the parliamentary secretary and to the government.

Senator ALLISON—So a memorandum of some sort?

Mr Stuart—Yes, a departmental advice.

Senator ALLISON—Did those advisory panel members who did not make any comments explain why they did not?

Ms Hefford—They did not respond at all.

Senator ALLISON—Were they paid for their expertise?

Ms Hefford—No.

Senator ALLISON—So there was no travel allowance or daily rates or travel costs of any sort?

Ms Hefford—No.

Senator ALLISON—Okay. Were any of the recommendations supported by any of the panel members in this process?

Ms Hefford—There was some support for some of the submissions from members of that expert panel, but, as I said before, Senator, while providing support they were not able to provide any substantial evidence or data or provide us with any indication or where we might be able to seek those. They were not aware of any research that would support the proposed

approach. It is very difficult to come forward with what may seem like a good idea with no evidence basis for it.

Senator ALLISON—So what were the terms of reference for that expert panel? When they were asked if they would be involved in this activity, what was the expectation that they had about what their role would be?

Ms Hefford—Senator, I would be happy to provide a copy of the terms of reference that were provided to members of the expert panel.

Senator ALLISON—Did those terms of reference include, 'We will expect you to come back with data and supporting evidence'? What you have just said would have been necessary had their support for recommendations been able to be taken seriously?

Ms Hefford—I think it is less that we were expecting them to do the work of providing the supporting evidence but more that we were expecting that they might say, 'You have a recommendation here in this submission suggesting amending this part of the act or deleting this clause of the act.' Then we had hoped they might be able to say, 'This could be done by,' or, 'There has been an example of this being done in another piece of legislation or in another area of tobacco control,' or, 'There is some evidence that this might work.' It was the sense of how we might look to other examples or where there was any evidence we might be able to gather ourselves. I am not trying to suggest that we were making it their job to do the work but only that we were looking to them as experts in the field to give us some sense of whether or not this was something that could be effective or could be justified in some way.

Senator ALLISON—How many were there, by the way, who made comments and said, 'We support recommendations made by X'?

Ms Hefford—There were eight people on the expert advisory panel and we received some comment from five of them.

Senator ALLISON—So did you go back to that five and say, 'Well, thank you for your comments but we need more. We need examples. We need the sorts of things that you have just outlined'?

Ms Hefford—We did not pursue in correspondence with any of them—

Senator ALLISON—Why not?

Ms Hefford—There seemed, on the balance of the evidence available—from the submissions that had come to us originally, from the comments we then received from the expert advisory panel, from our own legal advice, from our own research, from our own evidence gathering—to be very little that could be achieved by continuing to pursue this effort. There seemed to be no clear body of thought that there was a particular issue that could be amended or a particular avenue for us to pursue in relation to the review of the TAP Act.

The overwhelming response we got from the majority of people we spoke to and from our own internal legal advice, from our surveying and data collection, was that, by and large, people felt the TAP Act was working, was working well and was an effective piece of legislation, and smoking prevalence rates in Australia continue to fall. It appeared to be no particular issue. There was no consensus in any of the material we received, whether it was phone calls, emails or formal submissions. There was no clear suggestion that there was an

outstanding issue that could be identified, other than model cars, that people particularly wanted us to address.

Senator ALLISON—So why did you make the point that the comments that came back from the expert panel were not sufficiently backed by data and actual suggestions? What is the point in making that comment if the department has already determined through legal advice and all of those things you have just mentioned? Does that not make the whole process—

Ms Halton—Senator, can I make the—

Senator ALLISON—I am being interrupted, Chair. You might just remind Ms Halton about that.

Ms Halton—I beg your pardon.

Senator ALLISON—Does that not suggest that the department had a view in the first instance based on all that advice and that this whole panel was simply a sham?

Ms Halton—No, Senator, I have to say that I think that is an unreasonable statement. The reality here is, as Ms Hefford has indicated, that the department properly does research work in respect of a particular area of investigation. What that research work indicated was, as Ms Hefford has indicated, a number of things in respect of the act. However, and quite properly, the department then said, 'We have a range of submissions here. We need now to go out to experts to ensure that we have properly canvassed these issues so that the balance of the advice we give to the parliamentary secretary actually is properly leavened by expertise from outside the department.' Exactly as Ms Hefford has indicated, in the process of actually seeking that advice we went to a number of experts who prima facie should, if there was additional material that was germane to this consideration, be able to provide—if there is something we missed—that evidence. Exactly as Ms Hefford indicated, that was not the case.

It may well be that had we gone over and over this again there might have been something else to emerge, but on the balance of the evidence available to us, both from our own internal research and from the material that came from the experts who chose to respond, which was not all of them, that was not the case. So to say that the department had a preformed view is not accurate. To say that we did not ensure that we had sought external advice is also not accurate. The balance of that material and that expert view from external sources was provided to the parliamentary secretary, who was the decision taker in this respect.

Senator ALLISON—I make the point that this expert panel did not meet. The submissions were not made public. The summary of them, which was provided to the expert panel, was not made public. They were not funded to do the work, which might explain why half of them did not bother and there is no report of the outcome of that. So, I ask others to be the judge about how predetermined that outcome was. If I can move on to the exemptions, can I get confirmation that there will be no exemption for sporting or cultural events from the TAP Act beyond October next year?

Ms Hefford—That is correct.

Senator ALLISON—I understand from press reports that the motorcycle GP has been brought forward in Victoria to get inside that cut-off date. Is the department concerned about that?

Ms Halton—That is not a matter for us, Senator. The date of sporting events is not a matter for this portfolio.

CHAIR—It has nothing to do with the Department of Health.

Senator ALLISON—It is to do with getting by the exemption.

Ms Halton—Well, you are alleging that. We do not have material in respect of that. It is not a matter for us.

Senator ALLISON—I realise that the timing of the event is not a matter for you. I am asking you whether you are concerned about it. There is another event which is now going to allow tobacco advertising which, when the time frame was established, presumably was not anticipated. I am just asking if you are concerned about that.

CHAIR—Senator, the officers do not need to provide a personal opinion on anything.

Ms Halton—We do not express opinions on those matters.

Senator ALLISON—I refer to the deadline for the retail packages manufactured or imported after 1 March next year to bear graphic health warnings. What are the government's plans in relation to a campaign around that? Is there a proposal to increase awareness, explain why they are necessary or something of that sort at that time or will they just happen?

Ms Hefford—Senator, you are probably aware that in the budget $25 million was allocated over the next four years for a national tobacco campaign. Some of the existing tobacco campaign material we have in fact works with the graphics on tobacco packets, because some of the graphic images have been taken as stills. They have been lifted from our existing television commercials on the heart, lung and artery. We anticipate we will use some of that existing campaign material but supplement that in some way. We have not yet determined the best way of doing that, but we will be looking at that closer to the time. Whether or not the answer is to use more print media or look to other avenues is something we have yet to determine, but I would be taking advice from our marketing experts.

Senator ALLISON—So, there will be a specific campaign around the time of the graphic warnings? The $25 million is across the four years and is the normal promotion?

Ms Hefford—It is too soon to say. There are already some links, as I have said, because some of the pictures on the packets are directly lifted from our existing commercials. Some of the other graphics we think may be the basis for future commercials. In terms of what you would do in the lead-up and how much you would do prior to 1 March or in that first four to six weeks are issues I am not able to talk about yet. I would have to take advice from social marketing experts. We would be certainly looking to plan that in the future.

Senator ALLISON—Could we reasonably anticipate that more smokers will be encouraged to quit with the graphic warnings? Will some of that money go into extra funds for Quitline?

Mr Stuart—There are two questions there. One of them is about fewer people smoking. Certainly the overseas experience suggests that, and we would be looking for further continuing falls in the level of smoking prevalence in Australia. I do not quite understand the link to the second part of your question, though.

Senator ALLISON—If people see the graphic warnings we hope they will decide they should try to give up cigarettes and that may lead them to ring Quitline and there may be extra demand. We hope that there will be extra demand.

Mr Stuart—I see. I thought you were suggesting that there was going to be some sort of savings to the government from that process which could be reallocated.

Senator ALLISON—Only in the long term, Mr Stuart. Are we anticipating extra funding being necessary for Quitline, at least in the first 12 months or some other period? What work has the department done on that?

Ms Hefford—Senator, we do not provide funding to Quitline services. Quitline services are usually funded through other means, including state and territory government services. What we do, though, whenever we are about to do any kind of promotional activity, is forewarn Quitline services about the level of activity and the timing of that activity so that they are able to ensure they are fully staffed and able to manage that.

Senator ALLISON—The other day the ACCC seemed to suggest that the $8 million it has extracted from two tobacco companies would be used for Quitline. Do you know anything about that? Have you been working with the ACCC on giving them advice on how this $8 million will be utilised?

Ms Hefford—Senator, I am aware that they have been in negotiations with the tobacco companies. I am not aware that they have finalised those negotiations or that they have determined an amount of money. And I have no idea about their plans for the way in which they would use that money.

Senator ALLISON—They have not talked with you?

Mr Stuart—They do talk to us, of course, but there have not been relevant decisions made at their end.

Senator ALLISON—Well, there are, I am sorry. There are two agreements that have already been struck and signed off and moneys paid by one of the tobacco companies already. There is a third which has not yet been settled, but two have.

Mr Stuart—You are asking the disposition of the funds.

Senator ALLISON—Yes.

Mr Stuart—And we are ready to talk with them about that and will hope to do so in the near future, but those decisions have not yet been made.

Senator ALLISON—Does the department have a view about the use of descriptors? Has the department been involved with the ACCC about the suitability of the new descriptors? We are now not going to have ‘mild’ and ‘light’ after a particular date, but the ACCC indicated that ‘fresh’ and ‘smooth’ were acceptable, for instance, and I think cigarettes are being

marketed now with those descriptors on them. Do you have a view about that and have you provided any advice to the ACCC in this respect?

Mr Stuart—The former parliamentary secretary, I am aware, wrote to the chair of the ACCC some months ago about the issue of 'light' and 'mild', but certainly the department has not been in any position, that I am aware of—Ms Hefford may confirm—of proposing alternative wording or endorsing any alternative wording.

Senator ALLISON—That is not what I asked. I am not suggesting we propose alternative wording; I am saying that there is alternative wording already being marketed using words like 'fresh' and 'smooth'. I wondered whether there was an opinion in the department about whether that was also misleading and unhelpful to people who might otherwise decide to quit but think that in smoking those cigarettes they are choosing a healthier alternative.

Mr Stuart—It is the role of the ACCC to think about whether things are misleading, Senator.

Ms Halton—If they ask us for our advice we will provide it.

Senator ALLISON—But they have not and you have not? What about the proposal—I think it is just a proposal but they may already be on the market—of marketing fruit flavoured or sweet flavoured cigarettes? Does the department have a view about the likelihood that young people will be more attracted to using cigarettes because of that marketing?

Ms Hefford—I am aware that they are available in some parts of Australia. I have not actually seen them, but I have been assured by people who have managed to purchase them that they currently comply with all of the Australian government health warnings and the packaging is consistent with government regulations. I think your question as to whether or not these cigarettes would be more attractive to some members of the public than others is one for which we would have no evidence base at this stage.

Senator ALLISON—Do you propose to gather that evidence or to look into this question at all?

Mr Stuart—Perhaps I can come at this in a slightly different way. You will have seen in the budget that the government has provided funds for a new tobacco campaign with a specific focus on young people. The government is obviously concerned that, while smoking rates continue to fall, there is a new cohort of young people that begin smoking every year and is determined to try to do something about that through the budget over the next period. We would be concerned about any action that attracted youth to smoking. Having said that, we have no further evidence. There is a role for states and territories in regulation in this area.

Senator ALLISON—So the department does not have any plans at the present time to do any investigations or talk with the states about this development?

Mr Stuart—Senator, I think it would be fair to say in general that we have some difficulty in wrestling with some of your questions because you ask about departmental plans and the opinions of departmental officers when in government it is the role of ministers and governments to have plans and policies and for the department to implement them.

Senator ALLISON—I will put it another way. Has the government asked you to investigate this matter as a possible threat to your plan to discourage young people from taking up cigarettes?

Ms Hefford—No.

Senator ALLISON—Or however you want the wording, I do not mind. The answer is no.

Ms Hefford—No.

Senator ALLISON—You think it is in the court of the state governments to do this; is that correct?

Ms Hefford—The federal government does not regulate the content of tobacco products at all.

Senator ALLISON—I realise that.

Ms Hefford—They comply with all current federal regulations and legislation.

Senator ALLISON—It was decided back in 1989 that smokeless cigarettes would be banned, as I understand it, because it was anticipated that people would take them up assuming, firstly, that they would be healthier but, secondly, that they would be more attractive to use for a whole range of reasons. You do not see fruity cigarettes as being in that category?

Ms Hefford—At that time smokeless tobacco was judged to be a unique product not then available in Australia and a decision was made to ban it using the customs legislation. It would be hard to see how a cigarette of whatever flavour was not a cigarette.

Senator ALLISON—So the smokeless version was regarded as a noncigarette, whereas a fruity cigarette is a still a cigarette.

Ms Hefford—Well, they were not actually cigarettes. It was a sort of chewing tobacco.

Senator ALLISON—The government has recently ratified the framework convention on tobacco control, which is very good. In that ratification are there any requirements on the government to take further action? What does it oblige us to do?

Ms Hefford—No.

Senator ALLISON—So the ratification was just what we are doing already?

Ms Hefford—The Australian government currently meets all the requirements of ratification.

Senator ALLISON—Yes, that is what I thought. Can I ask you about the voluntary agreement for the disclosure of the ingredients of cigarettes? We now have that with the three tobacco companies operating in Australia. Can I ask what the purpose is of that disclosure?

Ms Hefford—The decision to disclose the ingredients was made on the basis that it allowed consumers, if they were interested, to be fully informed.

Senator ALLISON—And is it your understanding that consumers are better informed? If so, how do you know that?

Ms Hefford—I am not quite sure how to answer the question. Do you mean do I understand that consumers who are aware of the contents of cigarettes feel, as a consequence, inclined to continue smoking or to stop smoking?

Senator ALLISON—That will do for starters.

Ms Hefford—I am not sure that it is necessarily going to be something that would be—

Ms Halton—It is not a question for us.

Ms Hefford—It is not an effective tool, I do not think, if what you are trying to do is to encourage people to cease smoking.

Senator ALLISON—So disclosure of ingredients is not an effective tool in people being able to understand whether cigarettes are harmful; is that the point you are making?

Ms Hefford—Disclosure allows people who are smoking or intending to smoke to be aware of the ingredients of the product they are purchasing.

Senator ALLISON—Has this revealed any great differences between cigarettes in terms of what is in them?

Ms Hefford—Not that we are aware of.

Senator ALLISON—Isn't it on the web site?

Ms Hefford—It is on the web site.

Senator ALLISON—You have looked at it?

Ms Hefford—Yes, I have.

Senator ALLISON—Are they all the same or are they not?

Ms Hefford—The web site listings provide a lot of details in chemical terms of substances, including in cigarettes.

Senator ALLISON—Now that that has happened, how useful do you think it is for consumers?

Ms Halton—Senator, in all seriousness, if you have a PhD in chemistry it is probably useful. I mean, I am not being—

Senator ALLISON—Sounds pretty useless, actually.

Ms Halton—I am not being facetious. I genuinely think that unless you have a great grasp of the chemical composition of the substances, it really is not terribly useful to you.

Senator ALLISON—If it is not useful, why do we bother?

Mr Stuart—Senator, the government's focus is on communicating the harmful effects of tobacco. Every cigarette is doing you harm, and it is strengthening that focus with graphic health warnings. The disclosure of content is something which the government has a view about across all products. It is simply a part of effective consumer information. Its impact on quitting smoking is likely to be less of an impact, for example, than startling pictures on the cigarette packets.

Senator ALLISON—Yes, that is pretty obvious. Are there any other options for using this information? Are there any governments anywhere that have looked at these ingredients and regulated them in order to get rid of the most damaging ingredients to health? Is that a possible outcome of this agreement?

Ms Hefford—The Australian government does not regulate the contents of tobacco products.

Senator ALLISON—I understand that.

Ms Hefford—I am not aware of any government that has attempted to identify individual ingredients within a tobacco product and then seek to have that individual ingredient removed.

Senator ALLISON—And it is not on the horizon for the Australian government either?

Ms Hefford—No.

Senator ALLISON—I have some questions for the Australian Technical Advisory Group on Immunisation.

Mr Stuart—Yes, I can help you with that, Senator.

Senator ALLISON—Who is responsible for undertaking the review of the terms of reference and the membership of ATAGI given that its role is likely to change now that we have a new immunisation policy advisory structure?

Mr Stuart—Senator, the department will be providing advice to the minister and the minister will be the decision maker on those matters.

Senator ALLISON—So it is the department undertaking the review of the terms of reference?

Mr Stuart—The department will be providing the minister with advice on the appropriate terms of reference in view of the government's policy announced in the budget.

Senator ALLISON—And the department has not taken advice from another group at all?

Ms Halton—The department will obviously, Senator, take a range of advice in formulating its advice, and the minister is at liberty to take advice from whomever he so chooses in addition to the departmental advice.

Senator ALLISON—So whose advice was taken in this instance?

Ms Halton—We are not going to comment on who we may or may not have had discussions with, Senator.

Senator ALLISON—What is the time frame for the review?

Mr Stuart—Senator, the time frame is over the next two or three months, but I hesitate to respond in terms of there being a review. There is a process of the department providing advice to the minister.

Senator ALLISON—Is it likely or possible that the responsibilities of ATAGI will be expanded to include cost- effectiveness evaluation as a part of that brief?

Mr Stuart—No, Senator. ATAGI has had some role in providing cost-effectiveness evaluation in the past, but in the future ATAGI is being better funded to do what it really does best, which is to make clinical recommendations about the use of vaccines. As to the role of providing advice about cost- effectiveness, PBAC is being invited to do that role in line with what it does best.

Senator ALLISON—Who will do the cost-effectiveness or who will it not be?

Mr Stuart—The PBAC will advise on cost-effectiveness.

Senator ALLISON—And they will do an evaluation of each of their vaccination programs automatically?

Ms Halton—No. We need to be clear. The effect of the government's announcement in the budget context was that the Pharmaceutical Benefits Advisory Committee will undertake this exactly as it does in respect of products which are being brought forward for potential listing on the Pharmaceutical Benefits Scheme. They will apply the same kind of methodology in terms of cost benefit and cost effectiveness to potential vaccines for inclusion in funded programs.

Mr Stuart—So the consideration is about new vaccines which are proposed for the Australian scene. There is not any sense in which PBAC is going to be asked to reconsider any of the currently funded vaccines being used in the immunisation program.

Senator ALLISON—Just new ones.

Senator FORSHAW—Are you saying that ATAGI does not undertake any cost-effectiveness evaluation at the moment?

Mr Stuart—No. In the past ATAGI has had some role in advising on cost effectiveness. In future it will not do so. The Pharmaceutical Benefits Advisory Committee will undertake that role.

Senator FORSHAW—That is what I understood, but it seemed to me that you implied—and I am sorry if you did not—that they do not actually do it now.

Senator ALLISON—Why was it decided to go down that path with the PBAC?

Mr Stuart—The history of this program is that about six or seven years ago the government was spending about $13 million a year on vaccines. In this current financial year the government is spending $280 million. That is about a 22-fold increase. The vaccines which were in the program seven or eight years ago were the classic childhood immunisation vaccines, with very high levels of cost effectiveness and enormous benefits of herd immunity, and they were relatively inexpensive. Since then the vaccination landscape has become far more complex. The newer vaccines are harder to make and more expensive. Some of them have fewer herd immunity benefits, although they do have some herd immunity benefits. There is increasingly a need for consideration as to whether a vaccine is a benefit because it is a vaccine or whether there are cost-effectiveness considerations as to whether a vaccine should be made freely available to the entire population of interest—children or older people or other population—or whether it should be something which is on the Pharmaceutical Benefits Scheme as something which has more a net curative or individual benefit rather than a wide herd benefit, a benefit to the whole community.

Senator ALLISON—Is that herd, h-e-r-d, as in herd of cows?

Ms Halton—Yes.

Mr Stuart—Herd immunity relates to the concept that if you vaccinate 90 per cent of your kids you can get rid of a disease from the community.

Ms Halton—Can I make an additional comment on that, and it actually goes a little to Senator Forshaw's point. The reality is that cost-benefit analysis is actually a highly specialised activity. ATAGI has done a fantastic job over the last however many years, but the volume of work and the level of technical expertise that is required in respect of vaccines and analysis has become infinitely more complicated in the last few years. Really, that is what the PBAC does par excellence. I think the government's decision is a reflection of what is a new world in this area. So giving that part of the job to the group who have actually demonstrated expertise is a fairly logical conclusion.

Senator ALLISON—Yes. I am not arguing against it; I am just trying to understand it. Will there be additional expertise in vaccinations brought to the PBAC?

Mr Stuart—Yes.

Senator ALLISON—What changes in its membership will bring that knowledge?

Mr Stuart—There will be two additional members of the PBAC with expertise in vaccines and in virology. There will be additional guidelines for the PBAC to consider when it is considering vaccines.

Senator ALLISON—Will the cost-effectiveness decisions on vaccines be made public?

Mr Stuart—There is no intent to change the processes of the PBAC.

Senator ALLISON—Which means they will not.

Mr Stuart—No. The PBAC does its work with substantial openness.

Ms Halton—And the reasons are provided to companies et cetera.

Senator ALLISON—I would have thought that, because vaccines affect so many people—the herd approach—it would be of public interest to know how cost effective they were and in fact how effective they were as well.

Mr Stuart—We think this change will improve the openness and transparency of the decision-making processes on vaccines.

Senator ALLISON—Will there still be the production of two vaccination schedules—the one that details government funded vaccinations and the one that identifies those that are recommended by public health and medical experts?

Mr Stuart—I think it is worth observing that at this historical moment effectively, and certainly for children, there is but one schedule because the government has now funded all of the outstanding recommendations of the NHMRC in relation to vaccines. Over the past few years there has been some difficulty for parents and clinicians because of a differentiation between funded and advised schedules. The new process with PBAC providing advice about vaccines to the government for decision effectively means that that harmony will remain and

there will be one schedule, which is the schedule that the PBAC advises government needs to be adopted and which the government then funds.

Senator ALLISON—So if it is recommended it will pretty much automatically be funded. Is that what you are saying?

Mr Stuart—As for pharmaceutical benefits currently there is not a law that says the government must fund. We are heading into PBS territory here, and I am less expert on that than some others. But my understanding of the Pharmaceutical Benefits Scheme is that the PBAC makes recommendations which the government then considers.

Ms Halton—Essentially a vaccine may be registered and available but the PBAC will recommend to the government whether its benefits are sufficient to warrant it being funded and in respect of whom.

Senator ALLISON—Isn't it the case that that list did at least provide—I am just speculating here, but some parents may want to make a decision to use vaccines because of particular circumstances.

Mr Stuart—There are two things—

Ms Halton—The reality is that, as is the case now, a product may be listed and available on the market and the decision about whether government will subsidise will come from the PBAC. That does not mean that parents will not be able to receive information about the full range of vaccines available and what they are relevant for. They can receive that information. But the list of recommendations and information about cost effectiveness will basically be one and the same thing because it will be determined by the PBAC. So arguably there should be less confusion.

Senator ALLISON—So how do parents find out this other list of—

Mr Stuart—The handbook will continue. One of the very important things that ATAGI does is maintain the national Immunisation Handbook.

Ms Halton—A complete list.

Mr Stuart—Which is the complete list of all the vaccines available in Australia and for whom they are indicated, under what circumstances and how they should be taken.

Senator ALLISON—And it will indicate which of those are now funded through government subsidy?

Ms Smith—The *Australian Immunisation Handbook* currently has an insert card which indicates those vaccines that are funded by the government in addition to all those vaccines for which there are just general recommendations about their use. That system will continue. So it will be very clear to providers and to parents those vaccines that are funded.

Senator ALLISON—Will the ones that are currently funded be subjected to a cost-effectiveness review?

Ms Smith—There is no intention for there to be a retrospective review of vaccines that are currently funded. It will just be vaccines that are newly coming through the system that go through the PBAC process.

Senator ALLISON—The cost effectiveness process for PBS takes quite a lot of time. On average I think it is three years, although this time frame was disagreed to yesterday. However, do you see there being a problem with vaccines in the time it normally takes to go through the various steps of the process?

Mr Stuart—It would be fair to say that the vaccine companies have generally welcomed the changes that have been made in the budget, and certainly in the conversations I have had with them they are keen to talk with us about the detail because they see the PBAC processes as being robust, legislated and predictable. I think that is another benefit of the reforms.

Senator ALLISON—Now $8 million was provided to the PBAC to undertake this work. Is that $2 million a year, or is that $8 million a year?

Ms Smith—Yes, that is over a four-year period.

Senator ALLISON—Was the equivalent amount taken out of the ATAGI budget?

Mr Stuart—No. In fact, ATAGI is also being better funded to do the job that it does. So this is additional expenditure.

Senator FORSHAW—Can you explain the funding now proposed for ATAGI. You said it is better funding.

Mr Stuart—That is right.

Senator FORSHAW—Are you saying that they have been given additional funding in this budget?

Ms Smith—If you look at page 195 of Budget Paper No. 2 relating to national immunisation program support activities. That was a lapsing program and the existing funding of $5.5 million roughly per year has been maintained. There is additional funding of $5 million over the next four years for immunisation infrastructure. That includes increased funding for ATAGI. That includes additional funding for the national immunisation research and surveillance centre and additional funding for surveillance of vaccine preventable diseases.

Senator FORSHAW—So the additional funding is approximately what?

Ms Smith—The additional funding is $5 million over the next four years.

Senator FORSHAW—Thank you.

Senator ALLISON—They were all of my questions on changes to ATAGI. I now want to move to family planning. Just before we finish ATAGI, are you aware of any changes to the staffing levels with ATAGI as a result of the cost-effectiveness assessments et cetera now being picked up by the PBAC?

Ms Smith—Do you mean the membership of the committee?

Senator FORSHAW—The support that they might be getting from the department or anywhere.

Mr Stuart—The additional funding in the budget is in fact to provide some remuneration to ATAGI members and also provide better support.

Senator FORSHAW—Yes, but what does that mean in terms of work force resources that would be directed towards ATAGI? If they are not going to be doing this work that they have previously done, does it follow that there is less input, if you like, in—

Mr Stuart—It may seem unusual, Senator, but in fact ATAGI is being asked to do one job less but is being better resourced to do the job that it is going to continue doing.

Senator FORSHAW—I understood you said that there is more funding, and you showed us the figures.

Ms Smith—The departmental component of support for ATAGI will also be maintained, because they will still have the very important job of producing the *Immunisation Handbook*.

Senator FORSHAW—That is what I was getting to, because you did say that the funding was picking up some increased remuneration for the members of ATAGI and you referred to some other aspects as well. But in terms of the departmental resource support, it is being maintained.

Ms Smith—Yes.

Mr Stuart—That will not change, yes.

Senator FORSHAW—Thank you. Sorry, Senator Allison.

Senator ALLISON—Can I ask about the two family planning programs where funds—I think $900,000—were provided to the Australian Episcopal Conference of the Roman Catholic Church and the Australian Federation of Pregnancy Support Services. Was that an open tendering process?

Ms Smith—That was a direct engagement by the department.

Senator ALLISON—So the answer is no?

Ms Smith—That is correct.

Senator ALLISON—Why is that?

Mr Stuart—Let me put some context around that, Senator. The department is generally required to tender where it is purchasing goods or services. The department is not required to tender where ministers make decisions about grants to organisations. Sometimes there is a contestable process followed. Sometimes ministers decide to provide grants to organisations on the basis of their role or position.

Senator ALLISON—So that happened in this instance?

Mr Stuart—That is right.

Senator ALLISON—Was there a rationale provided by the minister? What was the justification?

Mr Stuart—We are going back a few years now.

Ms Halton—This is a longstanding grant, Senator.

Ms Smith—Senator, the funding has been provided since 1974 to the Australian Catholic Social Welfare Commission and that funding was transferred in 1990 to the Australian

Episcopal Conference of the Roman Catholic Church and funding for the Australian Federation of Pregnancy Support Services commenced in 1999-2000.

Senator ALLISON—So the amount in this budget is $900,000 for the Roman Catholic episcopal conference.

Mr Stuart—That was the amount spent in 2003-04.

Senator ALLISON—So that is one year's funding?

Mr Stuart—And $919,000 rounded in 2004-05, and it will continue going forward at about that level with indexation.

Senator ALLISON—Is this service provided nationally in every state? What is the spread?

Ms Smith—Is that in respect of the Episcopal Conference of the Roman Catholic Church?

Senator ALLISON—Both if you could indicate.

Ms Smith—They are national services.

Senator ALLISON—And they are provided in each state?

Ms Smith—I am not sure if it is in every state, but certainly in several of the states. We would have to take on notice the detail, Senator.

Senator ALLISON—What details do we have of the service?

Ms Smith—In relation to the Australian Episcopal Conference of the Roman Catholic Church, I can give you a list of the agencies that they deliver services through.

Senator ALLISON—That would be good.

Mr Stuart—It does look as though the episcopal conference operates services in every state and territory.

Senator ALLISON—And those moneys are delivered through other agencies?

Mr Stuart—That is correct, Senator. I can read those out for you into the record if you would like.

Senator ALLISON—That would be good.

Mr Stuart—Centacare Sydney, Waverley Family Centre, the NFP Centre diocese of St Maroun, Centacare Broken Bay, Centacare in the archdiocese of Canberra and Goulburn, the Melbourne Catholic Family Planning Centre, the Billings Family Life Centre, Centacare in Brisbane, the Mater Misericordiae Hospital, Billings Family Life Centre of south-east Queensland, Centacare of Townsville, the Catholic Education Office in the diocese of Cairns, the Perth Natural Family Planning Service, Billings WA, Centacare Adelaide, Billings Family Life Centre Adelaide, Centacare Tasmania, Natural Family Planning Council of the Northern Territory, Australian Council of Natural Family Planning and the Ovulation Method Research and Reference Centre of Australia. I think that does cover every state and territory.

Senator ALLISON—Has there been any review over the 30 years or more of this program to determine—if we can start with the episcopal program—its effectiveness?

Mr Stuart—Not that we are aware of, no.

Senator ALLISON—So what is in the contract? What is required of this organisation for its $900,000 a year?

Mr Stuart—In the broad, it is probably important to say that what it does is provide funding on to these agencies that I have read out for natural fertility counselling for the purposes of gaining or avoiding pregnancy. We do not fund them for unplanned pregnancy counselling; we fund them for services for gaining or avoiding pregnancy.

Senator ALLISON—Yes, I understand that. But, for instance, how many women or how many families are serviced, if that is the right word, each year with this funding?

Mr Stuart—I will let Carolyn Smith speak to that.

Ms Smith—Sorry, I did not hear that question.

Senator ALLISON—How many families are serviced by this organisation per year with this funding?

Ms Smith—I do not have information on the number of clients.

Senator ALLISON—What is this organisation required to report back to the government by way of the effectiveness of their program, the number of people they have seen? How do we know they are actually delivering any services at all?

Ms Halton—Whilst there is some consultation about the detail going on, of course it would be the case that in respect of any grant they would be required to acquit the expenditure to assure us that they have spent the funds for the purpose for which they were provided.

Senator ALLISON—Knowing the Catholics, I am sure they have spent the money, but the question is on what.

Ms Halton—For the purpose for which they were provided.

Ms Smith—They have a funding agreement with the department. They have to provide a project plan and then they provide six-monthly reports against their project plan. They must ensure that the natural family planning services that they provide are culturally appropriate for the target groups, are accessible and use evidence based best practice interventions. Performance against these outputs is evaluated and measured by the department in the normal way.

Senator ALLISON—What was that evaluation? Is there a report of that evaluation?

Ms Halton—For every funding agreement we are required to make an assessment of whether their report to us is acceptable under the terms of the arrangements. So to say that there was an evaluation of the terms, we tend to use the word ‘evaluation’ in this context which implies terms of reference and a report. That is not the appropriate way to regard this. Essentially, we have to assure ourselves that, in respect of the agreement we strike, relevant to the approval of a grant—made in this particular case some many years ago—it is consistent and the funds are used for that purpose. Part of that is a financial accountability, that they actually provide us with an assurance that the moneys are used for the purpose, and, as Ms Smith has indicated, that they provide a project plan. We have to receive from them an assurance that that is being discharged.

Mr Stuart—We do this on a six-monthly basis.

Senator ALLISON—Is Ms Smith looking for something useful in this respect?

Ms Smith—I am looking to see whether I have any more information for you. That is probably all we can provide at the moment.

Senator ALLISON—What claims does this group make for effectiveness and evidence base?

Ms Halton—This is not a matter that we are required to scrutinise in great detail. This is a longstanding grant. The grant was made, as Ms Smith has indicated, a significant number of years ago. We are required to ensure that the purpose for which the grant is provided, which is the discharge of those types of services, is actually being discharged. We are required to ensure, therefore, that Commonwealth funds are used for the purpose for which they are provided. We do that. But in terms of this being a new process where there has been a consideration of evidence or what have you—where the organisation has brought those claims forward—that is not the reality in this case.

Senator ALLISON—Even though the contract with this organisation is that their services be evidence based and that they be evaluated, that is not what the department does?

Mr Stuart—We require the organisation to maintain its services in line with evidence and to tell us about how they do that as part of their grant.

Senator ALLISON—How do they do that?

Mr Stuart—They respond to it six-monthly with a report.

Senator ALLISON—Can that report be made available?

Ms Halton—Only with the agreement of the organisation. We will have to go back and ask them. I am happy to do that.

Senator ALLISON—The department is satisfied with that report, that it is evidence based and it is good value for money?

Mr Stuart—We look at their report on a six-monthly basis as part of our grant administration process.

Senator ALLISON—What do they report on? What sort of stats?

Ms Halton—We are happy to come back to you on notice. We will give you information about the kinds of things we ask for. I have already indicated that we will go to the organisation and see whether they would be prepared for us to provide such a six-monthly report. I cannot guarantee that they will be, but obviously that is a matter for them to indicate.

Senator ALLISON—We cannot have a general outline of—

Ms Halton—We do not have that with us today. We will have to give it to you on notice.

Mr Stuart—It is also worth mentioning that in relation to the other service that you asked about, which was the Australian Federation of Pregnancy Support Services, the department recently tabled a range of those reports going back some time. The reports in relation to the Australian episcopal conference would be of a similar general nature.

Senator ALLISON—What reports are you referring to?

Mr Stuart—There was a return to order in which the minister placed on the record a series of reports from the Australian Federation of Pregnancy Support Services.

Senator ALLISON—Yes, but these were not the six-monthly reports we were referring to earlier.

Ms Smith—In relation to the Australian Federation of Pregnancy Support Services, the documents that were tabled were the six-monthly reports and all the associated financial statements dating back a number of years.

Senator ALLISON—Is that available for the episcopal group as well?

Mr Stuart—You have just asked for it. This was a return to order. We have undertaken to provide you with some information about the general nature of those reports and also to ask the organisation whether we can provide you with a recent copy.

Senator ALLISON—Going on to unplanned pregnancy counselling advice, is all of this provided by the Australian Federation of Pregnancy Support Services? Are those services principally telephone counselling or are they face to face?

Ms Smith—They are principally telephone counselling.

Senator ALLISON—Can I ask the same question about their penetration? Are they in every state? If it is mostly a national telephone based one, is there a call centre somewhere?

Ms Smith—They are regionally based call centres, but I will have to get more detail on their exact geographic spread.

Mr Stuart—We fund them to provide independent and non-directive counselling for women who have an unplanned pregnancy. They also provide vocational training and education for counsellors in pregnancy support.

Senator ALLISON—On that question of non-directive counselling, is that what they provide?

Mr Stuart—Yes.

Senator ALLISON—Are we certain about that?

Mr Stuart—This is what our grant stipulates, it is what they report against and it is what our program framework is.

Senator ALLISON—What do you take that to mean in telephone counselling terms?

Mr Stuart—It is about canvassing a range of options and allowing individuals to arrive at informed decisions.

Senator ALLISON—Do we ever test that with these organisations?

Mr Stuart—There are measures in place to govern this activity. I will ask Carolyn to say something about that.

Ms Smith—We have quality measures in place in terms of training and accreditation of counsellors. The Australian Federation of Pregnancy Support Services must gain and maintain accreditation as an Australian National Training Authority recognised organisation for conducting training in this area.They must develop, implement and monitor appropriate

counsellor training to support their 1300 telephone line and any local services provided by affiliated agencies. They also have to provide guidelines which include the expertise and standard qualifications of the counsellors. All affiliated agencies with the Federation of Pregnancy Support Services must sign and agree to a set of principles each year and must also report on what evidence based guidelines or needs based assessments they are using. What we do not collect is specific data on what information has been discussed or passed on to women in their counselling session with the counselling services, and that is not collected due to client confidentiality.

Senator ALLISON—It is hard to measure, then, how non-directive this counselling is if you do not find out what people are told, is it not?

Ms Halton—What Ms Smith has outlined is the quality framework around the service that is provided. This is one of those areas where you obviously cannot intrude on every telephone call. I do not believe it is appropriate to be collecting a great deal of intimate detail of each of these calls. But we do need to have an appropriate quality framework around the way they operate. I have to say that this is one of those areas where if on a regular basis, and systemically in other words, this service was not being provided in the way that it has been described—in other words, non-directive—it is something that we would hear about. I think people do have an understanding of what is meant by non-directive and if there were a major problem in this respect you, I and everybody would hear about it fairly quickly. But the quality framework that Ms Smith has outlined, which is designed to ensure that the systems they have in place, the training they have in place and therefore the service provided is non-directive, is fairly robust.

Senator ALLISON—So we do not have any data on how many women who receive pregnancy counselling continue with the pregnancy, how many give up the child for adoption after birth or how many have a termination?

Mr Stuart—No, we do not pursue individual women in relation to the decisions that they make.

Senator ALLISON—That is not what I asked.

Ms Halton—No, we do not.

Senator ALLISON—Does anybody ever test the service—ever ring up and see how non-directional the advice that is being given is? Do you do spot checks, as it were?

Ms Halton—No, we do not indulge in that kind of administration.

Senator ALLISON—As I understand it, these services are advertised but there is no indication of the philosophical, ethical, moral or religious leanings of the organisation. Are they required to be explained to women?

Ms Halton—No.

Senator ALLISON—It is true, is it not, that the beliefs or the attitudes that are promoted by these organisations would discourage women from seeking a termination? Is that a fair claim to make?

Ms Halton—I cannot—

CHAIR—Many of these questions are asking for personal opinions, Senator.

Ms Halton—Exactly.

CHAIR—They really are overstepping the mark by a long way. Ask about policy, if you would not mind.

Senator ALLISON—We cannot test it, Chair—that is the problem—because we do not keep the data that might allow us to know.

CHAIR—I am sorry, but you cannot ask those sorts of questions of the officers.

Senator ALLISON—Okay. Well, I make that point. What proportion of the funding that those groups receive is spent on research, awareness raising, public education or advocacy, if any?

Ms Smith—None of the funding is directed towards those things.

Senator ALLISON—So it is all for funding people to be on the end of a phone line? Is that what it is about?

Ms Smith—And for the training.

Senator ALLISON—By the way, do all telephone counsellors receive a certificate for their training—certificate III or similar?

Ms Smith—It is accredited training. I do not think it is a certificate III, but they have to be accredited as a trained counsellor.

Senator ALLISON—So what is that? Half an hour's advice or three months at one day a week?

Mr Stuart—You are going to a level of detail that we do not have available with us here today.

Senator ALLISON—It would still be useful to know whether there is a requirement for those counsellors to be trained and what that level of training is.

Ms Smith—We can provide that on notice.

Senator ALLISON—Thank you. What proportion of the funding is spent on developing or producing publications on family planning, sexual and reproductive health, including abortion?

Ms Halton—By whom?

Senator ALLISON—By those organisations with Commonwealth funds.

Ms Halton—We cannot answer that question.

Senator ALLISON—You cannot answer that question about the Commonwealth funding? Well, is it possible for those organisations to use the Commonwealth funding for the purposes of such publications?

Mr Stuart—We would have to be very clear about what kind of publications we are talking about, because we fund for the provision of counselling and we fund for the provision of education and training for staff, and there may be materials produced in line with those

services. But if you are asking whether we provide funding for general community education by these organisations, the answer is no.

Senator ALLISON—So they cannot use those funds for material that might be given to consumers?

Mr Stuart—No. Well, in the context of counselling—I am trying to be clear because it is a very general question—it is possible, and that would need to be appropriate, but not for taking positions on issues and disseminating those in the community, no.

Senator ALLISON—So what would be regarded as appropriate?

Mr Stuart—Any tools or documents which were produced to assist in providing non-directive counselling to clients and to provide training to counsellors.

Senator ALLISON—If someone was provided with a document which was clearly non-directive then you would require that no Commonwealth funding was used.

Ms Halton—No, you just said if it was clearly non-directive.

Senator ALLISON—Yes, correct.

Ms Halton—If as part of a counselling process a person was provided with a document which was non-directive—

Senator ALLISON—The Commonwealth would not support funding being used for that purpose?

Ms Halton—If it was part of a counselling process, there is no inconsistency with our funding.

Mr Stuart—It is part of our agreement with these organisations that they not use Commonwealth funding for any lobbying or influencing activity in relation to particular values or orientations.

Senator ALLISON—Which is not non-directive?

Mr Stuart—That is correct.

Senator ALLISON—So are we able to say as well that those organisations have guaranteed that the advice that they provide, including in any publications, reflects the most up-to-date scientific evidence available on the effects of, for instance, continuing with the pregnancy, giving the child up for adoption or having a termination?

Mr Stuart—There we would only be talking about the Australian Federation of Pregnancy Support Services, as I have already outlined.

Senator ALLISON—Yes, correct.

Ms Smith—Senator, we indicated before that the organisations that we fund are required to be evidence based in what they do. That includes keeping up to date with the latest evidence.

Senator ALLISON—How do you determine that they have done that?

Ms Smith—Through the reporting framework that we described earlier.

Senator ALLISON—So the reports that come back indicate to you how they have picked up on the most up-to- date scientific evidence on the effects of those three options?

Ms Smith—Yes.

Senator ALLISON—Is the department aware—it must be aware—of the concerns that have been raised that these organisations, and organisations that they are associated with, provide inaccurate information on the risks and benefits of termination, adoption and continuing unplanned or unwanted pregnancy to term and that some have in fact refused to discuss or refer for termination?

Mr Stuart—I missed the beginning of that question.

Senator ALLISON—Are you aware of concerns that have been expressed by those who have used these services? Have they come to your attention?

Ms Halton—No.

Ms Smith—They have not come to our attention.

Senator ALLISON—So no-one has written to you and said, 'I have had this awful experience.'

Ms Halton—No.

Senator ALLISON—None whatsoever. You can guarantee that.

Ms Smith—Not since we have been responsible for the program.

Senator ALLISON—Which is how long?

Ms Smith—Around 12 months.

Mr Stuart—So not in the last 12 months.

Senator ALLISON—And prior to that? Mr Stuart, were you with it prior to that?

Mr Stuart—Over about an 18-month period. I am unaware of any such issues being raised. If there were, we would discuss them with the organisation at their six-monthly report time.

Ms Halton—In three years it has not been raised with me.

Senator ALLISON—What is the process if there were? If someone just wrote to the department, would it eventually get to you and be picked up? Is there a hotline or a particular way people should make a complaint?

Ms Halton—If somebody made a referral that they believed the organisation was not operating consistent with the funding agreement we had with them, in terms of the broader organisation and their activities, that is actually not our business. With regard to a particular issue in respect of a grant that is made and an allegation in respect of the utilisation of a grant—and this applies right across our programs—we would make an assessment about whether it is vexatious or whether there is a prima facie case to be investigated. If there is a case to be investigated, we would so do.

Senator ALLISON—In terms of the natural family planning method which is provided by the episcopal conference, is it the case that family planning organisations also provide that advice?

Ms Smith—My understanding is that family planning organisations do provide advice on all forms of contraception. I imagine that natural family planning is part of that.

Senator ALLISON—So why was it necessary to fund an organisation that is exclusive in the options that it can offer women?

Ms Halton—It is not a question we can answer. This is a longstanding decision of government—the previous government in this particular case.

Senator ALLISON—I understand that the Federation of Pregnancy Support Services has an outreach program. Do you know anything about that? Is that part of the funding provided?

Mr Stuart—An outreach program from which organisation?

Senator ALLISON—Pregnancy counselling, the Australian Federation of Pregnancy Support Services.

Ms Smith—I am not aware of that particular program.

Mr Stuart—There is a reference to community outreach for high-need population groups in my document. I do not know the detail behind that.

Senator ALLISON—That community outreach would not be advocacy.

Mr Stuart—Certainly not, no.

Ms Halton—Not with our funding.

Senator ALLISON—Is it the case that the department is gathering information from the states and territories and from professional associations with respect to accreditation requirements that apply to counselling and to women seeking abortion?

Ms Halton—I might deal with this because this is not in Mr Stuart's area. You will be aware that the minister was asked a range of questions which he was required to answer on notice. In the process of the department attempting to furnish an answer to that question, there were a couple of questions that we were unable to answer in detail. That particular issue was one of them, and we will have to do some further work in order to answer that question.

Senator ALLISON—Would that include what is meant by 'accreditation requirements'? Does that refer to accreditation by the organisation and/or agency or the counsellor?

Ms Halton—I cannot answer that question. We are in the process of scoping what is meant by that question ourselves. I do not think we have yet formed a view of exactly what delimits the boundaries of that question.

Senator ALLISON—How is the department gathering information?

Ms Halton—We will go to the relevant associations, but we have not done so yet.

Senator ALLISON—Is there a document of some sort that has been finalised that outlines what is being requested of those organisations?

Ms Halton—No.

Senator ALLISON—When will that be completed?

Ms Halton—I have to say that we have been busy on budgets and a number of other things. I cannot give you a precise timetable. It is on the work program.

Senator ALLISON—Will the department be investigating the need for a cooling-off period as part of those accreditation requirements?

Ms Halton—That is not my understanding of the particular subject we are investigating, no.

Senator ALLISON—Compulsory counselling?

Ms Halton—That is not part of what we are investigating, no.

Senator ALLISON—Compulsory ultrasound?

Ms Halton—Ditto.

Senator ALLISON—Compulsory counselling scripts as part of accreditation?

Ms Halton—No. None of those issues are issues that I am aware we have even canvassed.

Senator ALLISON—So is the department gathering information on the requirements that currently apply or those that should apply?

Ms Halton—The question, as I recall it on the *Notice Paper*, was in relation to requirements as they currently apply, not in terms of any speculative activity.

Senator ALLISON—Right.

Ms Halton—So our obligation would be to furnish an answer in respect of the question that was asked, which was in relation to what accreditation arrangements apply. You have rightly made the point that there is a little ambiguity in that question. That has to be resolved. In terms of speculative requirements around accreditation, no, that is not what we will be investigating.

Senator ALLISON—Regardless of the way in which the question was couched.

Ms Halton—Precisely.

Senator ALLISON—Thank you. Is the department gathering information on accreditation requirements for all agencies that provide counselling or advice to women with unplanned pregnancies or only those that refer to terminations?

Ms Halton—I will have to take that on notice. I do not have the question with me. Let me come back to you on notice on that one.

Senator ALLISON—Does it apply to those that receive only government funding or more broadly?

Ms Halton—The question is not delimited by those in receipt of government funding. That will be one of the issues in terms of how we actually gather this information. It may well be that we have to say that we cannot get this information. As I say, we have not finished scoping what we are going to do about it.

Senator ALLISON—What triggered the department's interest in the matter?

Ms Halton—A question from Senator Boswell.

Senator ALLISON—What professional associations will the department go to for collecting the information?

Ms Halton—That is not yet decided.

Senator ALLISON—Will you consider the Public Health Association of Australia?

Ms Halton—We will obviously consider all of the options. What we will decide I cannot tell you.

Senator ALLISON—The AMA, the Australian Psychological Association?

Ms Halton—Indeed. The same answer applies. We will no doubt cast the net wide and then narrow it down.

Senator ALLISON—Will this investigation also look at gathering information from women who have used pregnancy counselling services?

Ms Halton—I think the question is in respect of accreditation only, so I do not think it has a consumer focus.

Senator ALLISON—So the answer is no.

Ms Halton—The answer is that we will only answer the question that was asked.

Senator ALLISON—Will the outcomes of that information be made publicly available?

Ms Halton—On the assumption that this is a question that has to be tabled, yes.

Senator ALLISON—What is the time frame for gathering and reporting?

Ms Halton—It is not clear yet.

Senator ALLISON—Will there be expert input or overview of the findings from that information?

Ms Halton—I would imagine that, as it will have to be tabled, there will be a level of scrutiny publicly if people wish to do so.

Senator ALLISON—But the department will not engage in that itself?

Ms Halton—No.

Senator ALLISON—If any of the recommendations for accreditation requirements come out of this process will they apply to all groups and agencies that provide pregnancy counselling or only those that refer for termination?

Ms Halton—This is not a process which will have recommendations; this is a factual exercise only.

Senator ALLISON—On the same subject, really, can I turn to the PHOFAs. Can the department confirm that the performance indicators for the provision of sexual and reproductive health contained in the agreements include providing counselling and advice on a full range of options?

Mr Stuart—Yes, that is correct.

Senator ALLISON—Can the department confirm that the agreements define options to include, for example, pregnancy support, advice on the viability of single parenthood and adoption?

Mr Stuart—That is a footnote in the agreement, yes.

Senator ALLISON—Why is it that not included in this definition by way of an example is termination?

Mr Stuart—You use the word 'definition'; this is a footnote which was intended to be clear about the broadening of scope in the agreement. It was not intended to be exhaustive.

Senator ALLISON—So nothing should be read into the fact that termination or abortion is not one of the examples? It is a 'for instance', which just happens to leave off one of the very significant options—is that right?

Mr Stuart—There are range of other options also not canvassed.

Senator ALLISON—Like?

Mr Stuart—I think it is well understood against the background of this program that organisations provide advice about an existing range of options. The Commonwealth was wishing to ensure that in the agreement pregnancy support, advice on the viability of single parenthood and adoption were included in that definition of all options.

Senator ALLISON—But not termination?

Mr Stuart—It was understood to be present.

Senator ALLISON—Is it? How would that be understood?

Mr Stuart—'Options include, for example'—

Senator ALLISON—You cannot think of any other exclusion that might be a significant example. It seems to be a fairly pointed exclusion.

Mr Stuart—I think I have answered the question; it is not intended to be an exhaustive list.

Senator ALLISON—But you cannot think of any other options other than termination which are omitted?

Mr Stuart—Raising a child in the context of a relationship, for example.

Senator ALLISON—Could you explain that? Raising a child in the context of a relationship—

Mr Stuart—Yes, a couple bringing up a child.

Senator ALLISON—as an option for an unplanned pregnancy?

Mr Stuart—Of course it is.

Ms Smith—Usually there is another party involved in an unplanned pregnancy—

Senator ALLISON—Get out of here!

Senator FORSHAW—'Usually'?

Ms Smith—and one of the options available to women is to raise that child in the context of that relationship.

Senator ALLISON—It might not have occurred to them previously.

Senator Patterson—Other than immaculate conception.

Ms Halton—That is right; exactly. We do not have that one on the list.

Senator ALLISON—It seems to be the only one missing to me.

Senator Patterson—It is good to see you smile, Senator Allison.

Senator ALLISON—Some things are funnier than others, Minister. I had some questions on TGA related issues.

Senator FORSHAW—We have some TGA questions, but we have some other questions before we go there.

CHAIR—Can we just finish off any population health questions.

Senator ALLISON—It is under population.

CHAIR—Yes, but before we get onto the agency.

Senator FORSHAW—That is what I was planning to do.

CHAIR—If you wouldn't mind doing that.

Senator ALLISON—It's not listed as a separate agency.

CHAIR—No, it is not, but can we just finish this off and then we will go to the agency.

Senator FORSHAW—I have some further questions on immunisation. What is happening with the funding for pneumococcal vaccine? I understand it is being provided through to December 2006. Is there anything in the current budget in relation to the funding for this measure?

Mr Stuart—Pneumococcal vaccine has been funded for adults over 65 and all children, including a catch-up program, and both of those are ongoing programs which are provided for in the budget.

Senator FORSHAW—Can you tell me where I can find that?

Ms Halton—You can't, Senator; it is in the contingency reserve.

Senator FORSHAW—That's why I couldn't find it.

Ms Halton—That is right, and you understand why.

Senator FORSHAW—How much is it?

Mr Stuart—The reason it is in the—

Ms Halton—We can't tell you that.

Mr Stuart—contingency reserve is because there is not a price set for the future of the program; there is only a price set for the quantity of vaccine that we have so far purchased.

Ms Halton—And you will understand that in a commercial negotiation actually disclosing a price kind of sets the price.

Senator FORSHAW—What is the position with chickenpox and IPV? They are funded; they have been identified, have they?

Mr Stuart—Both of those have been newly funded and that funding is included in the budget.

Senator FORSHAW—For four years?

Mr Stuart—Yes, over four years in the forward estimates.

Senator FORSHAW—When does the department—if it is the department—or the minister intend to start negotiations to purchase the vaccine for use beyond December 2006?

Mr Stuart—We are considering that issue at the moment. We are looking at the timing of the negotiation in the light of the existing high usage of the vaccine and the high take-up of the program. So we are getting ready to think about how we will do that and to discuss that with the minister.

Senator FORSHAW—The previous position was that you purchased, in effect, 18 months supply in one go, didn't you?

Mr Stuart—Two years.

Senator FORSHAW—That was from Wyeth?

Mr Stuart—From Wyeth. Wyeth is the only supplier of Prevenar, which is the childhood vaccine.

Senator FORSHAW—So you can't be more specific about whether those negotiations will commence this year or next year?

Mr Stuart—Certainly this year.

Senator MOORE—Calendar or financial year?

Senator FORSHAW—I was thinking calendar.

Mr Stuart—During this calendar year. We need to ensure—

Senator MOORE—We would hate to be disappointed, Mr Stuart, if by the end of June it wasn't done. So some time this calendar year?

Mr Stuart—Yes. We need to ensure an ongoing supply of the vaccine for the ongoing program.

Senator FORSHAW—That's why I asked. What role will the PBPA have in the negotiations? Well, who does the negotiations and what role do they have?

Mr Stuart—In this instance I believe it will be the department, as it was previously.

Senator MOORE—Is it your division, Mr Stuart, that does that?

Mr Stuart—Yes.

Senator FORSHAW—In any event, can I take it that the government is committed to providing the vaccine for infants beyond December 2006?

Mr Stuart—Absolutely.

Senator MOORE—I have some questions on obesity. Exactly where in your departmental budget for this financial is the funding for this highly publicised program? We know that in the package announced last year there was significant funding over four years—$116 million.

Mr Stuart—Which program is this?

Senator MOORE—This was the Building a Healthy Active Australia program, which focused on obesity and the health risk—that range of options. Last year under that program there was $116 million over four years for a range of items including the Active After-school

Communities program, with $90 million; the Healthy School Communities program, with $15 million; and the Healthy Eating and Regular Physical Activity program, with $11 million. Those programs were announced last year. The 2004-05 additional estimates contained $25.9 million for the Building a Healthy Active Australia package, although under slightly different names, but I could find nothing in the 2005-06 budget. Is it just a matter of telling me what parts of the budget I should be looking at?

Mr Stuart—It is.

Senator MOORE—Can you run through that for me, Mr Stuart?

Mr Stuart—From memory, this announcement was made in June of last year, and the funding for it appeared in the portfolio additional estimates statements of 2004-05. I am looking at page 11, where it is summarised, and at page 48, where the measures are also included.

Senator MOORE—What does it say there?

Mr Stuart—It mentions the Building a Healthy Active Australia—physical activity information campaign, the Building a Healthy Active Australia—good nutrition information campaign and the Building a Healthy Active Australia—healthy and active communities campaign.

Senator MOORE—That is what I meant by the slightly different badging. When the program was announced, there was $90 million for the Active After-school Communities program, $15 million for the Healthy School Communities program—and there is one in those additional estimates that sounds very like that, but it is slightly different—and $11 million for the Healthy Eating and Regular Physical Activity program. There was also one that you read out that sounded very similar to that. I am trying to find out whether there has been a rebadging or whether they are the same programs that have just been differently named.

Ms Major—The $11 million that you have indicated for the information campaigns comprises the two components that Andrew Stuart just described for the nutrition campaign and the physical activity campaign.

Senator MOORE—The nutrition campaign and the physical activity campaign?

Ms Major—That is correct—$5 million for the nutrition campaign and $6 million for the physical activity campaign.

Senator MOORE—And that comes under what I was describing as the Healthy Eating and Regular Physical Activity—

Ms Major—Information program. That is correct.

Senator MOORE—So it is the information program?

Ms Major—Yes, it has just been broken down into its components.

Senator MOORE—What about the $15 million for the Healthy School Communities program?

Mr Stuart—That is also shown in the portfolio additional estimates in the same place.

Senator MOORE—And is it under the same name, with the same amount of money?

Mr Stuart—Yes.

Ms Major—In the portfolio additional estimates it is called Building a Healthy and Active Australia—healthy and active communities, and it is $15 million allocated over two years.

Senator MOORE—So it is called Building a Healthy and Active Australia. What is the next bit?

Ms Major—Healthy and active communities. It is probably missing 'school'.

Senator MOORE—So it is slightly rebadged or differently badged, but it is the same program?

Ms Halton—It has been used for the purpose.

Senator MOORE—So the $15 million is intact under that one for the additional estimates?

Ms Halton—Yes.

Senator MOORE—What about the Active After-schools Communities program which, when it is originally announced, got $90 million beside its name?

Mr Stuart—That is an activity of another portfolio.

Senator MOORE—Which one is that?

Mr Stuart—That is being looked after by the Australian Sports Commission.

Senator MOORE—Is there a formal interdepartmental committee looking after this range of programs?

Ms Major—There is an interdepartmental committee that meets reasonably regularly to share information across a range of portfolios, including the Australian Sports Commission, the Department of Employment and Workplace Relations, the Department of Health and Ageing and a few other related agencies. For example, FaCS is represented on it as well.

Senator MOORE—What is the name of the IDC?

Ms Major—I do not know that I would call it a formal IDC; it is a group of officials at my level or director level who meet periodically to make sure that we are all coordinating and sharing information.

Senator MOORE—Does that come under the Building a Healthy Active Australia package?

Ms Major—It was not funded specifically as part of the package. Early on, as a group of agencies, we realised that we had some common ground and some interest in what each other was doing and we decided that would be a good way of coming together and making sure it was all happening in a coordinated fashion.

Senator MOORE—From your answers, the exact responsibility for health under this umbrella program is the school communities one and the healthy eating and regular physical information program—is that right?

Mr Stuart—Those three components.

Senator MOORE—And there is no other responsibility for health and ageing under this program heading?

Mr Stuart—Not under that particular package.

Senator MOORE—With the work you are doing, is there consideration of further programs that can be developed under this kind of activity?

Mr Stuart—That is a speculative question which we cannot give an answer to.

Senator MOORE—Is future planning going on within this interdepartmental grouping? There is responsibility for establishing the current programs and looking at that expenditure, but is there a planning responsibility within this IDC?

Mr Stuart—The public servants are doing a good job in meeting to talk about coordination of the implementation of the current package, and that is their job as public servants.

Ms Halton—The Obesity Task Force, which has been set up by health ministers and which I still chair, is still in operation.

Senator MOORE—That is the semi-COAG one with the health ministers of all places.

Ms Halton—Yes. This is the one that basically says that this is a whole-of-government issue.

Senator MOORE—In terms of the funding that has so far been allocated—additional estimates funding that came through last year—what kind of expenditure has already been made?

Ms Major—The nutrition information campaign is being run by our colleagues in the information communications division of our department, but I would say that a substantial proportion of that has now been spent. The campaign is currently running.

Ms Halton—Have you seen them, Senator?

Senator MOORE—Yes, I have; I asked to see them. I liked them. As that is another part of the agency and they are not with us now, because that was a general portfolio responsibility, can I put that on notice?

Ms Halton—I think they might be here.

Senator MOORE—I would just like to know—

Ms Halton—Here she is.

Ms Van Veen—With respect to the Go for 2&5 campaign, which is the nutrition component, that campaign is running until the end of June.

Senator MOORE—Was it specifically funded until the end of June?

Ms Van Veen—Yes. Total expenditure to date is around $500,000 but obviously when you have a media campaign that is running over that period of time there are bills that are coming in as we speak.

Senator MOORE—What was the allocation for the media information campaign?

Ms Van Veen—That was $5 million.

Senator MOORE—For what period was that funded?

Ms Van Veen—For this financial year—2004-05.

Senator MOORE—And you so far have bills for $500,000?

Ms Van Veen—Yes, but obviously we are at the end of the financial year and a number of those bills are coming in.

Senator MOORE—So you anticipate that there will be very significant bills still to be paid in that area?

Ms Van Veen—That is right.

Senator MOORE—After the financial year ends—this is a similar question to what I asked last night—can we get some indication of how much of that budget was spent?

Ms Van Veen—Which one?

Senator MOORE—The budget, the $5 million for the PR campaign. Is that entirely within your area?

Ms Van Veen—Yes.

Senator MOORE—What about the other ones?

Ms Van Veen—The physical activity campaign?

Senator MOORE—Yes. Is that yours as well?

Ms Van Veen—Yes. That campaign is the $6 million allocation. The development of that campaign has been delayed, and we have rephased funds.

Senator MOORE—When you say 'rephased funds', does that mean you can carry them over?

Ms Van Veen—Yes.

Senator MOORE—That is the terminology? I will try to remember that.

Ms Van Veen—That is right. So it is in development at the moment.

Senator MOORE—How long is the delay? That was also expected by the end of the financial year, wasn't it?

Ms Van Veen—That was the plan.

Senator MOORE—So at this stage, to the best of the knowledge you have now, when are you expecting that that particular program will be operational?

Ms Van Veen—At this stage a date has not been pinpointed, but we are aiming for spring.

Senator MOORE—There would be some sense in that, I imagine. Is the departmental definition of 'spring' September/October?

Ms Van Veen—Yes.

Mr Stuart—It is not a technical budget term, though.

Senator MOORE—I just wanted to make sure, Mr Stuart; I can never be sure in terms of your planning cycle. Is there anything I have missed in your area in that allocation of

funding? Mr Stuart, have I missed any other program area for which we need an update on funding?

Mr Stuart—No, not under that program.

Senator MOORE—That is all I have for that. Once again, if I go back and see that I need to add some questions, I will contact the department at that time.

Senator FORSHAW—I have another issue: there are reports of an increasing incidence of golden staph infections in hospitals. I note that there was an article regarding this in the *Sydney Morning Herald* on the weekend of 9 and 10 April. Does the department collect national figures on golden staph infections?

Ms Halton—It is a quality and safety issue, Senator. The states actually deal with that.

Senator FORSHAW—I want to ask what we know about what the states do. Can we deal with it here?

Ms Halton—Sure.

Senator FORSHAW—Just for future reference, is it appropriate to deal with it under this outcome?

Mr Stuart—To the extent that we can inform you about what the states and territories do, to the extent of our knowledge, yes.

Senator FORSHAW—I think you heard the question, Dr Roberts.

Dr Roberts—The states and territories have regular surveillance over hospital-acquired infections. They are managed differently in each jurisdiction. Essentially they have processes by which they screen for antibiotic-resistant organisms that have been identified within the hospital system. They then have committees based in each hospital system that put in infection control programs to prevent the transmission of these resistant and difficult-to-treat organisms.

Senator FORSHAW—You are telling me that there are no national figures that you collect from the states as a routine or specific task?

Dr Roberts—We have funded some small programs that have been special interest areas of microbiologists around the country and that have collected data on staphylococcus and resistance since the early 1990s. They have had the program over that time to watch for the emergence of resistant organisms.

Senator FORSHAW—I appreciate what you have said about the involvement of the states and territories, but can you tell me whether they require reporting of the infection when it occurs in a hospital?

Dr Roberts—The reporting of an infection requires a notifiable disease, and resistant organisms are not notifiable diseases routinely.

Senator FORSHAW—So the short answer is no, but they would presumably have some statistics as to—

Dr Roberts—Yes; just because it is not notifiable does not mean that it is not important.

Senator FORSHAW—The article in the *Sydney Morning Herald* gives various figures as to the rate of infections in past years. Are you aware of this article?

Dr Roberts—I have not seen the article, no.

Senator FORSHAW—I am happy to provide you with a copy. I will quote from it:

The lead researcher, Peter Collignon, said a review of laboratory blood test results for hospitals admissions between 1999 and 2002 found an estimated 6900 episodes of staph infections in the bloodstream occurred each year, representing 35 cases per 100,000 people.

Mr Stuart—What was the population for that?

Senator FORSHAW—I understand that it was based on an Australian-wide sample, but it does not actually specify that detail. This is why I wanted to ask you about this: to get some idea about whether or not this was an accurate report.

Mr Stuart—We are trying to be helpful outside an area of our program responsibility and in relation to a newspaper article we have not read about a review by a putative expert.

Senator FORSHAW—I appreciate that; they are fair points. However, this issue is well known as being a problem. Would you agree with the reported view that this is an increasing problem in hospitals across the country?

Dr Roberts—Professor Peter Collignon is part of the group that we provide a small amount of funding to that does research into ongoing and microbial resistance. It actually started as a staphylococcus awareness program. It was a group of, initially, specially interested microbiologists around the country who collected staph isolates to determine their susceptibility. The report is likely to also include—and I would need to refer to it directly—all staphylococcal infections, which are not necessarily all invasive and aggressive infections. For example, a common staphylococcus, *Staphylococcus epidermidis*, is on the skin and can cause a bloodstream infection which does not cause any problem in people. It is not necessarily that the numbers they are reporting are serious *Staphylococcus aureus* infections. Even if they are reporting *Staph. aureus* infections, they are not necessarily drug resistant or difficult-to-treat ones.

Senator FORSHAW—Do we know how the situation in Australia compares internationally?

Mr Stuart—No.

Senator FORSHAW—Would we be able to readily make that assessment? Would there be data—

Mr Stuart—Senator, I am feeling quite uncomfortable about trying to help you with this issue, because it is not something that we regularly deal with, collect data on or have direct responsibility for. Professor Horvath might like to comment.

Prof. Horvath—I am on the safety and quality council, and it has done some work on this. It is largely not even a jurisdictional matter; it is largely a local hospital issue. Staphylococcal infection is really about washing hands; quite strangely enough, there has even been some work done by the College of Surgeons about carrying staphylococcus on ties. It is an issue that is not so much a national issue but one of local cleanliness. There are a large number of

hospitals that screen patients and do not allow them to be admitted for any elective procedure if they are carrying any staphylococcus. The Commonwealth is not really party to this; it is very much a local issue. People like Professor Collignon and others take a particular interest in this, have done a lot of work on it and publish with regard to it, to ensure that the local behaviour in hospitals and other health-care settings is appropriate. It is really about washing hands and good hygiene.

Senator FORSHAW—I suppose there is a view at least that, given what is being argued as the increasing incidence of it—and, in some cases, because of a failure to report—it may be much greater than even these studies show. There may be a case to say that it needs some sort of national approach.

Prof. Horvath—That is being done through the Council on Safety and Quality in Health Care and its committee on nosocomial and other hospital-acquired infections.

Senator FORSHAW—So in terms of what is being done at a federal level it is work being done through the safety and quality council.

Prof. Horvath—Correct.

Senator FORSHAW—I understand that the vaccine is Vancomycin.

Prof. Horvath—No, that is an antibiotic. That is, at the moment, the ultimate antibiotic for multiresistant staphylococcus. As Dr Roberts said, there is a range of them that are sensitive to other agents as well.

Senator FORSHAW—In my notes it is referred to as the antibiotic of last resort.

Prof. Horvath—Actually, and I stand to be corrected, I think there is now one last resort after the last resort.

Senator FORSHAW—It sounds a bit like the First World War—it was the war to end all wars, until the next one came along. Are there guidelines in place about the use of that antibiotic?

Prof. Horvath—Yes, all hospitals have very strict guidelines on its usage. In fact, in many hospitals that I have worked in you cannot get the antibiotic from the pharmacy without the microbiologist releasing it. That is a pretty standard practice.

Senator FORSHAW—I will leave it there, but I will arrange to get a copy of this article to Dr Roberts. If there is anything you can add to your answers, please let us know.

Prof. Horvath—From memory, and again I stand to be corrected, I think the safety and quality council have actually put out a publication on this issue. Maybe it would be useful if we made that available to you.

Senator FORSHAW—We would appreciate a copy of that being provided.

Senator MOORE—Mr Stuart, can you clarify which program this issue should be in. I am sure you mentioned that at the start, but I need to make my own note. Which outcome should these questions have been directed to?

Mr Stuart—To the extent that it is a safety and quality issue, it would be in outcome 9.

Senator FORSHAW—I would like to return to the issue of immunisation for a couple of quick questions, particularly with respect to ATAGI. Was the department involved in the decision to give the PBAC the role of considering cost effectiveness?

Mr Stuart—Ministers and governments make decisions; departments provide advice.

Senator FORSHAW—Yes, but, for instance, it has been stated on a number of occasions that a decision may be made at ministerial level and effectively the department will not be involved. Are you saying on this occasion that it was asked for and did provide advice on the ultimate decision to transfer this responsibility?

Mr Stuart—The department was involved in a process of providing advice to government on this issue.

Senator FORSHAW—I am not going to ask you what your advice was because I know what your response would be. So, as part of this as a budget measure, the department was involved?

Prof. Horvath—Yes, that is right.

CHAIR—I thank the witnesses for appearing. I call witnesses from the Therapeutic Goods Administration.

[11.41 am]

Therapeutic Goods Administration

Senator ALLISON—I refer to the Pan Pharmaceuticals recall and follow up on answers provided to questions I raised not long ago. With regard to the 62 reports of adverse events or reactions attributed to Pan Pharmaceuticals—and I thank the TGA for that advice—can I confirm how many of those 62 adverse reactions reported can with certainty be attributed to Pan? In other words, how many were definitely manufactured by Pan?

Mr Slater—Of the reports received from the Pan recall, there were eight with batch numbers confirming that the product indicated had been manufactured by Pan. That was for products that were received after 28 April 2003. For those adverse reactions received prior to the recall, there were 20.

Dr McEwen—There were 20 reports received before the recall but it is my understanding we could not tie Pan to any one of those because Pan was one of a number of nominated manufacturers, and we did not have the batch numbers provided for those.

Senator ALLISON—So eight is the total out of 62. We can only be certain that Pan manufactured eight; is that correct?

Dr McEwen—I believe so—I think because of the way the work was done. I will need to take the responsibility to double-check that with respect to the 20, but that is my belief, yes. If it is incorrect, we will have that advice to you.

Senator ALLISON—In fact, there is one on the list which refers to Rocaltrol. Is it not the case that that is definitely not a product manufactured by Pan?

Dr McEwen—Again, I am sorry—I do not have that list. Mr Slater may have those. Certainly my belief is that Rocaltrol was not manufactured by Pan, but the possibility—and I

would want to check this and advise you—is that, as well as a Pan product, this was another medicine also taken, and they were both regarded as possible causes of the reaction.

Senator ALLISON—I do not think that is what the report says, but you might check that. It would be useful to have an explanation as to why it is on that list and included in the 62 if that was not the case.

Dr McEwen—We will do that for you.

Senator ALLISON—Can TGA confirm that all of those products referred to were in fact manufactured by Pan within the time frame under consideration? In other words, are you certain that the time frame that is referred to, both before and after, includes all those listed events?

Mr Slater—As a result of your question, we have gone back and totally reviewed the data. We have moved from 62 to 66 particular instances as a result of that review.

Senator ALLISON—So you have increased it?

Mr Slater—Yes. And we can confirm that they are relevant to the period that you are seeking.

Senator ALLISON—So is there a new list that you can provide the committee with?

Mr Slater—We are happy to provide you with a new list, yes.

Senator ALLISON—Now?

Mr Slater—No, we will take that on notice and give that to you.

Senator ALLISON—Is it not the case that none of the 24 reports relating to organ damage were found to have been certain or even probable by the Adverse Drug Reactions Advisory Committee? Is that a fair reading of the report?

Dr McEwen—Yes.

Senator ALLISON—In fact, isn't it the case that only two of those reports have batch numbers that confirm with any certainty that the product manufactured by Pan was involved?

Dr McEwen—I believe that is correct.

Senator ALLISON—And can you confirm that those two reactions were an allergic reaction and one for hypertension?

Mr Slater—I think the issue here that we need to give some clarity about is that, while you are saying that we can only say with certainty that there are eight products that were definitely—

Senator ALLISON—No, two.

Mr Slater—No, I am going back to the original, where we started. There were eight products where we can be absolutely certain that Pan was the manufacturer. In the 66 cases that we are referring to, Pan may well have been the manufacturer—

Senator ALLISON—Indeed.

Mr Slater—and hence the data that we have given you shows some very serious adverse reactions that relate to those products. We cannot with certainty say to you that they were manufactured by Pan, but there is a probability that they were.

Senator ALLISON—Indeed. I did use the word 'certainty'. So did we establish that the other was for hypertension?

Dr McEwen—I believe that is correct.

Senator ALLISON—Is it also the case that only three of the 62 reports did not involve any complementary medicine products at all but only pharmaceutical drugs?

Dr McEwen—I think that is correct as well.

Senator ALLISON—And is it not the case that, in more than 50 per cent of the cases cited, people were also taking pharmaceutical drugs, not just complementary medicines—in other words, antidepressants, COX-2 inhibitors, blood pressure medications and anti-inflammatories? Can you confirm that?

Dr McEwen—I do not have that split, but it may well be correct. I am happy to confirm it or, if it is not correct, to advise you of that.

Senator ALLISON—Can you also confirm that the adverse reactions that were listed are all known to be the results of those pharmaceuticals, regardless of where they are manufactured—that these are not uncommon adverse reactions to the pharmaceutical drugs I have just listed?

Dr McEwen—I do not have that split with me, so I am reluctant to say yes. I would be prepared to say that, where there are other pharmaceuticals being taken, it might commonly be that that could be attributed to that drug, as distinct from—

Senator ALLISON—So why were they included in the list?

Mr Slater—There were 40 of the 56 reports where at least one other medicine was being taken. But the Adverse Drugs Reaction Advisory Committee, which is a committee of experts in the field, often at professorial levels—certainly, of eminent clinicians in Australia—as we have provided to you in answers, went through each report and coded a view as to whether the medicine that was involved, manufactured potentially by Pan, was in fact a potential or a suspect in the adverse reaction. That data has been given to analysis, from where it may well have been considered as a certainty down to where it was considered to be a possibility.

Dr McEwen—Could I extend that further. The committee has had a standard way of looking at incoming reports for more than 20 years. It has applied that throughout the period and it was applied to the Pan reports as well. One of the circumstances is that if a report describes two medicines being taken, particularly if two medicines have been started relatively close together, and either of those two medicines are continued after the adverse event or those two medicines are both ceased and there is recovery after the adverse event, both of those medicines would be regarded as possible causes of the action unless there was some other evidence relating to that case, not to the literature in general, that said, 'We can distinguish between the two.' That is the explanation in this instance, I believe—that it is the application of a coding method that has been used by the committee for 20 years or more.

Senator ALLISON—So where people—and there were 50 per cent in this category—were taking multiple medicines, is it the view of the TGA and your experts who assisted you with this list that those people are at greater risk of adverse drug reactions by virtue of the multiple medicines that they are consuming? In other words, is the issue when you are using two kinds of drugs about choosing which one caused the reaction or is it more that you are more likely to get a reaction if you mix up a range of drugs?

Dr McEwen—As they are assessed and as they are recorded, it is the first: either medicine might be the cause of the reaction—unless there is other evidence to point to one or the other—rather than, as I think you are suggesting, an interaction between the two medicines. Now, there are some instances where the committee adopts a different coding system—they are relatively few—and that is where there is a well-known attributable interaction. One can think of examples where one substance is clearly known to interact with another; it would then be coded in a separate way which says, 'This is a suspected interaction between the two.' That is very uncommon, though. The great majority would be recorded with both of them as possible causes, each being considered in its own right and not as an interacting medicine.

Senator ALLISON—Is there a document that would be useful to the committee in understanding which of these are likely to cause adverse reactions in combination with others?

Dr McEwen—The overall causality assessment was provided as an attachment. It does not go to the matter of interactions. We can get you some information. The other thing we can do is go through all of those reports and say, 'Of those, have we not identified one where the literature would suggest there is an interaction?' I suspect there weren't, though.

Mr Slater—In answer to your question in January this year, we provided you with 62 reports, which there were at that stage, with a detailed report on each one of those.

Senator ALLISON—Correct. That leaves us with only two instances, unless the increase—what is it, an extra six cases since you produced that list?

Mr Slater—Yes.

Senator ALLISON—Would that have changed the fact that there were only two instances with any certainty that the product manufactured by Pan was responsible?

Dr McEwen—It was the sole suspected drug, I believe.

Mr Slater—Yes, which was the sole suspected drug.

Senator ALLISON—So that has not altered? The ones you have added, which we do not have the benefit of being able to see—

Mr Slater—Altogether there were 66 reports of adverse reactions where Pan may well have been the manufacturer.

Senator ALLISON—Can you explain how allergic reaction and hypertension—the two reactions that we referred to—fit within a class I recall level?

Mr Slater—If you are asking why we did a class I recall, it was not on the basis of adverse reactions; the majority of these adverse reactions have come to light subsequent to the Pan recall. As I have explained to the committee in the past, the class I recall was based on the fact

that there were such manufacturing deficiencies in the quality of the products that, in the opinion of an expert committee of eminent professors and clinicians, in aggregate there could be no confidence in the safety of these products. In their recommendation, those products represented the possibility of imminent, serious illness which could result in death or serious injury. Their recommendation was to do an immediate recall and to suspend the licence.

Senator ALLISON—So, at the end of the day, were you surprised that there were so few? Sixty-two reports of adverse reaction, when the manufacturing process was so unsatisfactory, are not a lot. For 1,600 products, I think there were about 11 billion doses over a 12-month period. Is that what the TGA would regard as significant, even if the 62 reports were attributable with certainty to those adverse reactions? Is that less than you would expect?

Mr Slater—I think the context of this is that these were largely manufactured as low-risk medicines. Therefore you would have expected not to have a situation where there were adverse reactions or safety concerns. We did not go out and ask whether people felt unwell as a result of taking a particular product. These are products that have come to the TGA as formal reports—

Senator ALLISON—There was a fair bit of publicity at the time, Mr Slater, and you took adverse reactions following that. I do not know that you can say—

Mr Slater—What I am saying here is that these reports are formally presented to the TGA, generally by professionals, by medical practitioners. In these events, the most likely source of the report to the TGA was someone presenting to their practitioner with a particular illness or reaction which, in the practitioner's opinion, necessitated a report to the TGA. Practitioners only generate these reports where they feel the regulator should be aware of information that should be taken into account in how a medicine is regulated.

Senator ALLISON—Of course. Can we just draw some comparisons between this recall and that of Vioxx? As I understand it, the class I recall has to be about life-threatening products or products that could cause a serious risk to health. Why was it then that Vioxx was given a class II recall?

Mr Slater—The recall for Vioxx was at the initiation of the sponsor. It arose as a result of clinical concerns, not as a result of manufacturing quality concerns. The manufacturer—

Senator ALLISON—But there is nothing in the definition of class I or class II that talks about manufacturing problems.

Mr Slater—I am sorry; I did not get a chance to finish my answer.

Senator ALLISON—Sorry, Mr Slater.

Mr Slater—In this case, as new data came to hand as a result of their clinical studies, the manufacturer sponsor felt that the risk presented through cardiovascular events was such that they made a decision as a responsible company to immediately do a worldwide withdrawal of this product.

Senator ALLISON—What is the difference between a class I and a class II recall, other than the reason for doing it? What are the implications of that being class II as opposed to class I for Vioxx?

Dr McEwen—The definitions provided are a class I recall occurs when products are potentially life-threatening or could cause a serious risk to health. Class II recalls occur when product defects could cause illness or mistreatment that is not class I. We are just checking this. I am uneasy about this as I thought it was not a class II recall, although I may be wrong. But certainly the recall actions taken by the TGA were essentially to relay the fact that the company had withdrawn the product worldwide because of the detected increase in non-fatal heart attacks.

Senator ALLISON—It does not get to be classed as any kind of recall if the manufacturer takes that action themselves. Is that what you are saying?

Mr Slater—No, that is not what Dr McEwen is saying. What Dr McEwen is saying is that Vioxx was a product that was marketed around the world by the sponsor, the manufacturer. In part of the data that was submitted to the TGA for evaluation, it drew heavily on substantial clinical trials. Those clinical trials—and Dr McEwen can go into this in much greater detail—showed that there was a level of increased cardiovascular events. The view of experts at the time was that those cardiovascular events did not represent an increase as a result of the product itself, but really the products that Vioxx was replacing, the existing anti-inflammatories, had a cardiovascular protecting effect. Hence, the detected incidents in clinic trials were not as a result of the medication itself. In subsequent clinical trials that the company carried out post marketing approval decisions, that information came up for questioning. As a result of the clinical trial that the company concluded, it immediately decided to withdraw that product worldwide due to increased incidence of cardiovascular events.

Senator ALLISON—Did Australia issue some sort of notification? I am not sure what you do when you have a recall, but that was my question. If the manufacturer themselves indicate they are going to recall their product, does it get a classification? Do we say it is class I or class II or class III and, if so, what are the implications? What is the difference between being a class II and being a manufacturer recall?

CHAIR—The question about the Vioxx recall has been canvassed in this committee extensively. It is for the reasons that Mr Slater and Dr McEwen have been talking about. I am wondering, in an effort to save time, whether it would be appropriate to either arrange a briefing about this whole recall or to refer you to past *Hansards* where this issue has been covered extensively. We are really going back over ground about Vioxx that has been gone over and over and over before.

Senator ALLISON—Perhaps it is because it is such a grey area and it is not clear what the various recalls—

CHAIR—No, it is absolutely crystal clear. The information that the officers have given to this committee previously is crystal clear, and there is so much information out there in the public arena about Vioxx as well.

Senator ALLISON—I do not really want to pursue the Vioxx much, but I am interested in the difference between class I and class II in this instance—that is all.

Dr McEwen—The document here clearly reflects that it was a consumer level recall, but it does not reflect whether it was class I or class II. I would like the opportunity to check that.

The impact of that, although it was initiated by the sponsor and indeed many recalls are initiated by the sponsor, was that it then followed through on the uniform procedure, which meant that the Commonwealth officers—whom my colleagues met—distributed the information to state and territory health authorities and that flows on through the hospital system. They also followed the advertising requirements. As I recall, they put advertisements in the major metropolitan newspapers saying that our product has been withdrawn—if it was called class II, that class I and class II does not get into the public domain—but in my view it was certainly clear to the public that this was because of serious adverse events and that is why people were being asked to stop it and see their doctors.

Senator ALLISON—I recall it now, but is there not a difference in the kind of advertising that is required between a class I and a class II?

Mr Slater—There is also a more significant difference here. This product Vioxx is a prescription-only medicine. You can only get it by attending a medical professional who is registered to provide a prescription. The product is prescribed on that medical expert's clinical judgment as to what your particular patient needs are, the range of optional treatments that are available and which is the best one for you. Hence, when you are looking at a recall here, we know exactly who has been provided with that product. The difference between that and Pan is that any person could walk in off the street and buy a low-risk product from a health specialist or a supermarket and take it on their own self-medication choice. As we discussed earlier, the issue around interactions and so forth is not something that is being monitored by a professional. We have a totally different environment that is operational here.

Senator ALLISON—Does that mean that whether a complementary medicine, which is not a prescription medicine, is classified class I or class II, there is a different advertising requirement because it is not prescription? Is that what you are saying?

Ms Maclachlan—Class I and class II recalls are deemed to be safety related recalls. The recalls may occur at the consumer or retail level. As safety related recalls, they are required to be advertised. That is where the advertising in the national newspapers occurs. So if it is a consumer-level recall and safety related, they are required to be advertised in the daily newspapers as soon as possible.

Senator ALLISON—By consumer-level recall, do you mean those which are non prescriptive?

Ms Maclachlan—No. A consumer-level recall may be a recall that relates to a complementary medicine, an over-the-counter medicine or a prescription medicine.

Mr Slater—The difference between a prescription medicine and a complementary medicine here is that we know who has the product.

Senator ALLISON—I realise that; it is self-evident.

Mr Slater—Regarding the actual level of getting in touch with consumers, we have a much greater certainty of being able to get in touch with consumers of prescription medicines. That does not necessarily have to be through advertising. If it is on a very limited distribution from a specialist doctor, for example, we can go to those doctors that are likely to be prescribing that product and make certain that they get in touch with their patients.

Senator ALLISON—The business of major advertising is dealt with on a case-by-case basis—is that correct? There is a requirement under class I or class II?

Mr Slater—There are requirements laid down for when and what sort of advertising is necessary.

Ms Maclachlan—A safety related recall is defined under the Trade Practices Act as a recall of 'goods of a kind which will or may cause injury to any person.' Where the recall is safety related there is a legal requirement for it to be notified and of course advertised in the press.

Senator ALLISON—Can you update the committee about the charges against Jim Selim?

Mr Slater—On 26 October 2004 Pan Pharmaceuticals Ltd appeared before the Downing Centre Local Court in Sydney to answer 10 charges of manufacturing a counterfeit medicine. A Pan employee also appeared to answer 10 charges of manufacturing a counterfeit medicine. The Pan chief executive and managing director appeared to answer a charge of procuring the destruction of evidence under the Commonwealth Crimes Act. On 6 May 2005 an additional nine charges, each of manufacturing counterfeit medicines under the Therapeutic Goods Act, were brought against a Pan employee and Pan Pharmaceuticals. These charges related to the manufacture of medicines other than Travacalm in which instances of data manipulation were uncovered during the TGA investigations. On 25 May 2005, 23 charges, each under section 54 of the New South Wales Crimes Act, related to intentionally inflicting grievous bodily harm were laid at the Downing Centre Local Court against a Pan employee and Pan Pharmaceuticals.

Senator ALLISON—Those charges have been laid, but when is court action expected?

Mr Slater—The chief executive of Pan is scheduled to appear for a committal hearing at the Downing Centre Local Court on 18 to 22 July 2005. The Pan employee and Pan Pharmaceuticals will appear at the same court on 23 June 2005.

Senator ALLISON—Are the manufacturing of counterfeit medicine charges the same as falsifying documents? The TGA did indicate that that was the charge to be laid. Is that the same thing?

Mr Slater—The charges that relate to counterfeit medicines certainly do relate to that, and also the additional charges on 6 May relate to data manipulation.

Senator ALLISON—But Mr Selim has been charged only with the document destruction that related to Travacalm?

Mr Slater—That is a personal charge against Mr Selim. Pan Pharmaceuticals, as a company, has been charged with the other matters. There is a further brief of evidence on other matters that has been passed to the Director of Public Prosecutions for consideration.

Senator ALLISON—What has been the cost so far to the TGA for this action?

Mr Slater—The total cost of the investigations to date has been $1.4 million.

Senator ALLISON—Does that get cost recovered?

Mr Slater—Yes, the TGA's activities are fully cost recovered.

Senator ALLISON—Does that happen as part of the court process or will there be a charge which is levied at—

Mr Slater—In this case, these funds have been provided specifically by the government under an appropriation.

Senator ALLISON—That was not my question. Will they be recovered as part of the court process or will they be recovered in a separate process?

Mr Slater—The investigation costs and the legal costs that are associated here have been funded by the government under an appropriation. If there are fines incurred by Pan Pharmaceuticals or employees of Pan Pharmaceuticals, those fines would go to consolidated revenue; they would not come to the regulator.

Senator ALLISON—So in what sense would it be cost recovery?

Mr Slater—All of the TGA's activities are 100 per cent cost recovered, but in this instance the government has provided funds for this investigation.

Senator ALLISON—So the industry at large is not going to foot the bill?

Mr Slater—No.

Senator ALLISON—Chair, I have some questions about the trans-Tasman joint committee. Would it be possible for Senator Forshaw to put his other TGA questions now?

CHAIR—Certainly.

Senator FORSHAW—We have some on that as well. Can I follow on from the discussion you have been having with Senator Allison emanating out of the Vioxx recall. Dr McEwen, I noticed in a report that you had called for increased powers, effectively, for the TGA. I am reading from a newspaper report that refers to a *Four Corners* program on which you appeared on 11 April. It says:

> Dr McEwen told ABC TV on Monday he would ask for greater powers for a soon-to-be-formed trans-Tasman regulatory agency.

Is that a correct report of your position?

Dr McEwen—Not absolutely correct. I think I appeared on *Four Corners* for a maximum of about three minutes and there had been about 45 minutes of interview.

Senator FORSHAW—You have done well.

Dr McEwen—Yes, perhaps. I had made the point that, up until now under the present Therapeutic Goods Act, when we registered medicines we had sometimes been of the view that further study should be done and submitted. We have in fact conditioned some registrations like that. It has always been a matter of contention as to whether we have that legal power or not, because the act could be interpreted as saying that you have to make a judgment on what you have now. That was the context in which I was putting it. I was then on leave when this discussion broke out. I think Mr Slater would want to comment about that.

Mr Slater—I would like to add to that answer by saying that in the trans-Tasman model that is under consideration by the government of Australia and the government of New Zealand we will be looking at the best practice models that operate in this area around the

world. Dr McEwen has indicated that there are some doubts about our legislative reach. In looking at how we might improve the regulatory framework for the trans-Tasman model, we will be looking to make certain that we apply best practice models here.

Senator FORSHAW—As to the response of the parliamentary secretary, Mr Pyne, it says:

Senator Pyne rejected the idea.

He rejected an extension of the TGA's powers under the trans-Tasman agreement as a mistake and thought that it was unlikely to be accepted by the government because it might create difficulties and be too difficult to achieve. Is that the position?

Mr Slater—I think we would need understand the context in which and the question that the parliamentary secretary answered, and, as Dr McEwen has explained, also the context in which his abridged response to the ABC questions was televised. Dr McEwen has explained that there is some lack of clarity about the legislative reach that we have at present. There is also a question as to whether having that legislation framed in a way which reflects maybe the powers that are available to other international regulatory agencies of comparable standard should be considered in a trans-Tasman context. So he was reflecting on the possibility of better regulatory reach. I am not sure what question the parliamentary secretary was responding to, but the whole framework for the trans-Tasman agency is yet to be developed.

Senator FORSHAW—I have a quote here of what Mr Pyne said.

Ms Halton—At the end of the day we have not seen that quote and I do not know in what context the question was asked. As Mr Slater says, the government has yet to formally consider—as indeed has the New Zealand government—a final draft of the legislation or draft legislation which will provide for the trans-Tasman arrangements. The parliamentary secretary is, to my knowledge, however on the record as saying that these arrangements are not about a diminution of Australian arrangements. That is a very clear position from the Australian government. We are working in close concert with our New Zealand colleagues, and the parliamentary secretary is working closely with his New Zealand colleague. Clarifying a range of issues, including this one, obviously has to be part of the debate and negotiation prior to the finalisation of what will be draft legislation.

Senator FORSHAW—I do not think anyone is talking about a diminution. If anything, as I understand what Dr McEwen has said, there is an issue about a perceived lack of power at the moment. To paraphrase your position—and I appreciate that you may want to correct me—this could lead to increased powers, for instance, and to enforced trials by the TGA. It says here 'Senator Pyne', but it is 'Parliamentary Secretary Pyne' says:

... any extension of the TGA's powers as a consequence of the trans-Tasman agreement would need to jump the very high hurdle of not crushing initiative and being an over-reaction to a particular problem.

That is from the *Financial Review* of 13 April—it is a direct quote. If that is what he said, that certainly is rejecting the proposition in the context of the trans-Tasman agreement.

Ms Halton—That quote—now that you have read it—I do not regard as being a rejection of an idea. It is simply saying that in any change that you make, or in the introduction of any legislative provision, you have to basically ensure that all those provisions pass a fairly high

test in terms of requirement. As I have said, we have not yet finalised the legislation. There is a range of issues government has yet to decide, and this would be in that category.

Senator FORSHAW—I was going to ask you about the legislation. Is the department developing legislation to deal with the potential need for more power for the TGA in the wake of these issues over the Cox-2 inhibitor?

Ms Halton—There are two separate issues here.

Senator FORSHAW—That is what I was trying to understand.

Ms Halton—There is the issue in relation to any change to the current legislation to provide for greater powers which may be implied and based on our experience recently. That is one set of potential amendments. Then there is the second question, which is: how do we frame legislation in a trans-Tasman context to provide world's best practice arrangements across the Tasman? It is probably important to distinguish what we are doing now in terms of continuing to run our business while we have the TGA, versus the arrangements we will put in place to run the trans-Tasman arrangements. The comment I was making about no diminution is the fundamental principle on which the trans-Tasman agency will be founded. Obviously there is a lot of legislation necessary to give that effect. But in terms of our immediate administration, there is a proposal to amend the existing legislation to strengthen the powers of the TGA.

Senator FORSHAW—Where is that at, at the moment?

Mr Slater—There is a bill that is in draft for increased penalties, which give a far greater spread of capability to the regulator to deal at the high end of—

Senator FORSHAW—That is reported on in this article as well?

Mr Slater—Yes. It also gives a much easier spread of better weighted responses at the lower end of breaches.

Senator FORSHAW—Do we have any time frame as to when that is likely to come forward?

Ms Halton—There is a draft of that bill and there is a decision that there will be a final process of discussing issues with a number of key stakeholders. Following that process and subject to the outcome of that process, that bill will proceed.

Senator FORSHAW—It is not going to be delayed because of the finalisation of the trans-Tasman agreement?

Ms Halton—Absolutely not. Never. That was the point I was making, effectively: we are continuing to run our business, including looking at the legislative issues that come from our recent experiences. That work is not in any sense deferred, delayed or altered because at the same time we are doing the trans-Tasman work.

Senator FORSHAW—But it is an issue that is on the table for the trans-Tasman agreement?

Ms Halton—It has to be, because everything—in terms of how we run a scheme—has to be debated.

Senator FORSHAW—Yes, I understand. I suppose I am just tyring to understand how you are managing the two streams, if you like, given that connection.

Ms Halton—We are juggling, basically.

Senator FORSHAW—Yes. I think Senator Allison wanted to ask some further questions about the trans-Tasman agreement. I have some on that which I can go to now.

Ms Halton—Why don't you start, Senator.

Senator FORSHAW—I do not have many. Will interest groups and stakeholders be consulted in developing the legislation for the proposed agreement?

Mr Eccles—Yes, there is a commitment by both the Australian government and the New Zealand government for a solid block of industry consultation. In the lead-up there has been significant consultation with industry groups and that will continue as well.

Senator FORSHAW—Is there a timetable for the period of consultation, because the start-up date for this legislation, I understand, is 1 July—

Mr Eccles—It is 1 July 2006, yes.

Senator FORSHAW—Yes. So do you have a timetable for completing your discussions with stakeholders?

Mr Eccles—A lot of it is dependent on when the legislation is finalised. Australian parties and New Zealand parties are exchanging views and in some instances exchanging pieces of drafted legislation. We have got the New Zealand election coming up and that of course is going to play a role in determining the time frame to go out to industry. But we are hopeful that we will be going out to industry in the second half of this calendar year.

Senator FORSHAW—And you would be going out to industry with draft legislation?

Mr Eccles—Exactly. But there has been a lot of consultation in the lead-up to now, so I think it would be fair to say that they are very aware of the nature of the scheme that is being developed.

Senator FORSHAW—Is the start-up date of 1 July still feasible? Are you still confident you can meet that?

Mr Eccles—It is certainly technically feasible in Australia. Sorry?

Senator FORSHAW—Are you confident you can still meet that?

Mr Eccles—Confident?

Senator FORSHAW—I know that the situation might change in the Senate after 1 July and that might hasten the passage of the legislation, but—

Ms Halton—It is our expectation that that is the commencement date. We do not, regrettably, have a crystal ball, but that is the date to which everybody on both sides of the Tasman is working.

Senator FORSHAW—But even if the legislation were to be passed quickly—the start-up date is not just dependent on that, is it?

Mr Eccles—No. The process really would be to have legislation drafted to a point of agreement between Australia and New Zealand, industry engagement, discussion with industry and introduction in relevant houses here and over there, and then the rules would need to be introduced as disallowable instruments.

Senator FORSHAW—If I can go off trans-Tasman for a minute and go to the Cox-2 inhibitors. This may have been covered by Senator Allison—I may have missed it—but is the TGA undertaking a review of all the Cox-2 inhibitors?

Dr McEwen—The answer is yes, that review was undertaken quite promptly after the withdrawal of Vioxx. There are two other Cox-2 inhibitors that are marketed in Australia. One is celecoxib, or Celebrex; the other is meloxicam. As a side issue, there has always been some debate as to whether meloxicam is or is not a Cox-2 inhibitor—but it is certainly close to them. There was also another marketed Cox-2 inhibitor that is very different in that it was marketed for pain relief at the time of anaesthesia and not taken for arthritis, osteoarthritis or rheumatoid arthritis. It is in rather a different category, but it was reviewed. From memory, there were two other Cox-2 inhibitors that were yet to be marketed in Australia. All of those were reviewed. In each instance the sponsor was invited to submit all the data that they had that might update us on the risk of heart attacks in people taking these drugs. They were considered by the Australian Drug Evaluation Committee in February, and actions have been taken. They vary through each of those Cox-2 inhibitors but, at the very least, each of them has had very clear warning statements being added to the product information. In a couple of instances, or for some uses, the registrations have been withdrawn.

Senator FORSHAW—So the review has been completed?

Dr McEwen—In essence it has been completed, yes.

Senator FORSHAW—Is there going to be some report released on that? Either publicly or to—

Dr McEwen—There have been media statements that we could get from the web site for you.

Senator FORSHAW—I am often told never to rely on the media.

Dr McEwen—No, this is the TGA's web site.

Senator FORSHAW—Okay.

Dr McEwen—There have been statements as to the outcomes of those, as a starting point for you. We can provide those.

Senator FORSHAW—We can check that, but is there to be some specific report produced and publicised either generally or to the industry?

Dr Hunt—The issue of the review is that a large amount of the data that was considered as part of the review was regarded as commercial-in-confidence by the people who submitted it. They have put limitations on the material that we can release into the public domain. The statements that have been placed on the TGA web site are an attempt to summarise the outcome of the consideration of the issue by the Australian Drug Evaluation Committee and the TGA without breaching that commercial confidentiality.

Senator FORSHAW—Whatever you put on the web site is the sum total of what would be made publicly available arising from the review?

Dr Hunt—That is the main publicly available information, yes.

Senator FORSHAW—I am not sure if Senator Allison wants to carry on with trans-Tasman, but I want to ask a couple questions about the free trade agreement as it affects the area of complementary medicines. Is it the case that the TGA now requires that every new product listed on the register must include a statement that patent searches have been conducted? Is that correct?

Mr Slater—The TGA legislation requires that where a certificate has to be provided, either there is no patent over the product or, if there is, the applicant has advised the patent holder as required under the free trade agreement.

Senator FORSHAW—Is what I said inconsistent with what you have just said?

Mr Slater—They have an option. They can just advise us that they have advised the patent holders involved, or they can give us a certificate that says there is no patent over the product in question.

Senator FORSHAW—It means they will have to have done a search to ensure that what they tell you is correct.

Mr Slater—They have to give us advice as to the existing patent holder obligations they have under patent law, whether there are any patents involved there and, if there are, whether they would advise the patent holder.

Senator FORSHAW—As I understand it, the manufacturers of complementary medicines are claiming that they are particularly disadvantaged by these requirements to have this statement. Are you aware of that?

Mr Slater—Yes. They are certainly concerned that, generally speaking, their products would not fall into the category of where a patent is involved. We agreed with them about that, but they are raising concerns about being certain whether any patents exist for their products. There is a considerable amount of work involved in searching patent records.

Senator FORSHAW—That is what I was getting to. Would that seem to be an unintended consequence of the FTA? Was anyone aware of this at the time of the negotiations?

Mr Slater—The FTA was to ensure that Australia's administration of patent obligations was rigorous on the patent holding sector and some classes of registered non-prescription medicines. The application of patents in the area of complementary medicines is reasonably unusual. There are some over proprietary ingredients and over some new developments where a company has patented those activities. Those patent requirements should generally be well known, but there is this obligation to provide a certificate and that has caused some concern to the complementary medicines industry.

Senator FORSHAW—As the TGA, you are aware of their concerns. Is there any action being considered to try to alleviate them, or is there anything possible? As I understand it, the requirement is that every new product must include a statement or a provision of this advice about—

Ms Halton—You are accurately reflecting the requirements of the legislation. I can say that, from a policy perspective, this issue has been drawn to the minister's attention. You are quite right in terms of the issues that have been raised. He is currently considering the matter.

Senator FORSHAW—It is before the minister?

Ms Halton—It is before the minister.

Senator FORSHAW—And the department has provided advice to the minister?

Ms Halton—Yes, that is right.

Senator FORSHAW—Senator Allison, you had some questions on the trans-Tasman agreement you wanted to pursue.

Senator ALLISON—I am at something of a disadvantage if you have already asked questions, because I—

Senator FORSHAW—I only asked a couple of questions with regard to who was being consulted in the development of the agreement and what the timetable was for the negotiations and the legislation.

Ms Halton—While Senator Allison is finding her place, I will add something to the record. Senator Allison, you asked about the accidental/incidental exemption provisions and whether we had received any matters we had investigated. The answer is that, in the last 12 months, two matters have been investigated.

Senator ALLISON—Could I ask about the joint expert advisory committee recently announced to oversee the establishment of standards for therapeutic products under the new trans-Tasman joint regulatory agency. Is it the case that only two of the total of 23 members of that committee will have any expertise in complementary medicines?

Mr Slater—I would need to go back and research the detailed CVs of those members to be absolutely certain of that, but without doubt there are two members who have been appointed for their expertise in complementary medicines.

Senator ALLISON—Are those members also associated with pharmaceutical companies?

Mr Slater—We would have to go back and have a look at the membership.

Senator ALLISON—If you would. What was the selection process for that expert advisory committee?

Mr Slater—The Therapeutic Goods Committee, appointed by the minister, is an existing statutory committee that the TGA uses to establish standards. It sets the standards for the regulator to apply to therapeutic goods manufactured in or imported into Australia. The new standards committee is an evolution of that Therapeutic Goods Committee into a trans-Tasman committee setting standards. The two governments considered the range of expertise available for membership of that committee, and that committee was decided by the interim ministerial council oversighting the establishment of the joint regulatory scheme.

Senator ALLISON—By 'evolution', do you mean that the group on the old committee was just put onto the new committee?

Mr Slater—No. The work that the Therapeutic Goods Committee has been doing to date will in the future be taken up by this new standards committee. There was an expertise set up under the Therapeutic Goods Committee such that those individuals would have been considered by ministers on both sides of the Tasman as to whether they should be appointed to the new committee. So there are some members of the Therapeutic Goods Committee who have taken their expertise onto the new committee.

Senator ALLISON—How many?

Mr Slater—I would have to take it on notice to work out how many there are.

Ms Cobbold—Certainly there are a number, but a small number—by no means all of the existing members of the Therapeutic Goods Committee.

Senator ALLISON—But you are not able to tell us how many?

Ms Cobbold—No.

Senator ALLISON—Is it roughly half, many more than half or generally in the order of half?

Ms Cobbold—No, it would be less. Probably of that order, but probably less, I think. The standards committee has a core membership and then a much larger group of associate members, if you like, with particular expertise who will be drawn on for the development of particular kinds of standards.

Senator ALLISON—And that will not happen with the new joint committee?

Ms Cobbold—I am talking about the new joint committee. In drawing up that wider list of expertise, we have gone more broadly in both Australia and New Zealand to come up with possible members for ministers to consider.

Senator ALLISON—So there is a list of 23 members and then there is a wider list of members?

Ms Cobbold—No, the big list of 23 is the core members plus the associate members.

Senator ALLISON—How many are on the current list?

Mr Slater—We would need to take that on notice, as we said.

Senator ALLISON—No, how many people are on the statutory committee?

Ms Cobbold—On the Therapeutic Goods Committee?

Senator ALLISON—Yes.

Ms Cobbold—I am advised by the colleague who is responsible for the current Therapeutic Goods Committee that there are up to 10.

Senator ALLISON—Do we have half the membership? Are the 23 members all ours, or are half of those New Zealand's?

Ms Cobbold—No, I do not think it is anything like half, but I would have to take it on notice. We will give you the list of names and we will indicate which ones are currently on the Therapeutic Goods Committee.

Mr Slater—I think it is important that the context here is that therapeutic goods are not just medicines; they are also medical devices. Standards are also set for blood and blood products as for medical devices including products such as tampons, so there are a very wide range of standards that apply to goods that are produced here.

Senator ALLISON—So is it possible to get a full list of members and their qualifications?

Mr Slater—Yes.

Senator ALLISON—Was the complementary health sector consulted in these decisions?

Mr Slater—Yes.

Senator ALLISON—Who was consulted?

Mr Slater—The Complementary Healthcare Council and its equivalent in New Zealand, through the New Zealand government. It was a decision of the New Zealand government as to whom they consulted.

Senator ALLISON—Did they make specific recommendations or did you just say, 'Here's the list. What do you think?'

Ms Cobbold—They made specific suggestions.

Senator ALLISON—And were they adopted?

Ms Cobbold—It is a while ago now. I cannot remember. I am pretty sure they were. I am confident that members of the committee with expertise in manufacture of particular kinds of products, which was needed for the committee, were supported by the relevant sectors, from which that expertise could be drawn.

Senator ALLISON—It would be useful if you could tell us what the recommendations of the Complementary Healthcare Council of Australia were—I guess we can ask them that ourselves—whether they were taken up; if not, why not?

Mr Slater—We will be able to confirm whether they were taken up.

Senator ALLISON—What about a consumer representative on that body?

Ms Cobbold—There is a consumer representative on the body.

Senator ALLISON—How is that representative chosen?

Ms Cobbold—Nominations were sought from Australian and New Zealand organisations and the ministers made a selection.

Senator ALLISON—Is the representative a New Zealander or an Australian?

Ms Cobbold—A New Zealander.

Senator ALLISON—How many were there on the list of possibles?

Ms Cobbold—My recollection is that, for the consumer representative, there were three or four. As I say, it is a while ago. I should check that and confirm for you.

Senator ALLISON—I am sorry, I do have that list of members. I think you might have provided it to my office. I apologise for that.

Ms Cobbold—I thought it did indicate which ones were current members of the Therapeutic Goods Committee. My recollection of the list, from when we prepared it some time ago, is that we asterisked them or something like that. It is listed in their list of expertise that they current members of the Therapeutic Goods Committee.

Senator ALLISON—It is indeed. I apologise.

Ms Cobbold—You have the list. I am afraid that I have not got a copy with me.

Senator ALLISON—I move now to a slightly different topic. Are you able to speak about the review of the consultative mechanisms of the Therapeutic Goods Administration?

Mr Slater—Yes.

Senator ALLISON—When will the report of that review be made publicly available?

Mr Slater—I understand that it is likely to be made available in the very near term—and that means in the next day or so. I am aware that you have an outstanding question on notice on this report.

Senator ALLISON—When was the review started?

Mr Slater—The review commenced in June 2003.

Senator ALLISON—It has taken a long time.

Mr Slater—It reported in July-August 2004. We released it to industry stakeholders in August 2004. We have taken it through successive rounds of consultation with them. There were formal meetings in October 2004 and in May 2005 to discuss responses to the consultants views. We also made changes to the consultative arrangements as a result of the October discussions, taking those through the parliamentary secretary for approval.

Senator ALLISON—Will that report include recommendations?

Mr Slater—The consultant's report is the consultant's views. The consultant has drawn some conclusions and made some recommendations.

Senator ALLISON—Is that on the minister's desk at present?

Mr Slater—Yes, the minister is about to make a decision to release that report publicly, and also to answer your question.

Senator ALLISON—That will be in the next day or so?

Mr Slater—Yes.

Senator FORSHAW—Where does the Office of the Gene Technology Regulator fit in here?

Mr Slater—It fits within the TGA group of regulators. We have officers here.

Senator FORSHAW—Can I ask you about Bt10 corn?

Mr Slater—You can.

Ms Halton—That is for the Office of the Gene Technology Regulator.

Senator FORSHAW—That is what I mean. Is it appropriate to deal with them?

Ms Halton—Yes, it is. You can do it now.

Senator FORSHAW—I have a series of questions on Bt10 corn. I want to clarify what the status of Bt10 corn is in the US when the agency first became aware that apparently it was being produced there. Have any of these products been imported into Australia?

Ms Halton—That is for FSANZ. Just before we move onto this, Senator Allison you asked a series of questions about tobacco advertising and we said we would give you some information about the review we did on material et cetera. I am happy to table all of that so you can deal with that at your leisure.

Senator FORSHAW—What is the status of Bt10 corn in the US?

Dr Healy—Our understanding is that in the US Bt10 corn was essentially developed for research purposes and it was not commercialised.

Senator FORSHAW—So it has not been approved for production—if that is what that means?

Dr Healy—I could not comment on production. In terms of its ability to be present in food products, the US does not have a formal approval system, although it has a notification system. Out understanding is that when the company Syngenta became aware of the contamination that occurred, it notified the US authorities.

Senator FORSHAW—Is this the company where a number of American farmers had been allowed to plant this corn?

Dr Healy—Our understanding of the situation is that Syngenta is the life science company that was the developer of the Bt10 corn.

Senator FORSHAW—What evidence is available about its safety in animals and humans?

Dr Healy—Bt10 is very similar to a corn that has been approved previously, called Bt11. Bt11 has been approved in Australia for use in food and has been in production in the US and a number of other countries around the world. The two varieties were produced using the same transformation event, so they were produced at the same time. The main two genetically modified characteristics that were introduced at that time are the same in the two varieties, and there is one difference between the two varieties, which relates to an antibiotic resistance gene.

Senator FORSHAW—What does that one difference mean?

Dr Healy—It is an artefact of the process of developing a genetically modified organism. It is a gene that is used during the laboratory phase of developing the genes that are going to be transferred, and it is a non-functional gene in the Bt10.

Senator FORSHAW—I have to confess that I did not understand most of what you just said—and I say that with the greatest respect—but was this an unapproved new gene that was used in the modification?

Dr Healy—Bt10 has not been approved for use in food in Australia. In the US, there is not a formal approval process; it is a notification process. This extra gene that is present in Bt10 has been used in other GM varieties that have been approved, so we do not believe there are any safety issues associated with it.

Senator FORSHAW—You do not believe there are any safety issues?

Dr Healy—Our analysis of the information and the advice of expert bodies under the World Health Organisation come to that conclusion also.

Senator FORSHAW—When did the agency first become aware that this Bt10 corn was being produced?

Dr Healy—I do not have the exact date with me, but it was around the time that an article appeared in the science magazine called *Nature*. That article appeared on 22 March of this year, so it was around that time that we became aware.

Senator FORSHAW—Have you been able to determine if any Bt10 corn products have been imported into Australia—either as corn or as food products?

Ms Pontin—We have been attempting to find out as much as we can about the corn. We have made approaches to the US authorities and also to the company, Syngenta, and we have not been able to determine any particular products that the corn may have ended up in.

Senator FORSHAW—You have not been able to determine that at this stage?

Ms Pontin—Yes.

Senator FORSHAW—What were the mechanisms that you used to try to determine whether they have or have not been used? What sort of tracking and testing methods have been used here?

Ms Pontin—I think the difficulty with this product is that there has not been any tracking, so the approaches we are making to the US authorities and to the company have not turned up any useful information. We have also been talking directly to the Food and Beverage Importers Association in Australia and to the Australian Food and Grocery Council to see if they have been able to track it by talking to particular suppliers of product coming out of the US, and they have not been able to determine anything either.

Senator FORSHAW—So you have been liaising with the relevant authorities and other interested parties in the US?

Ms Pontin—Yes—with the company, through Syngenta Australia, and with US authorities.

Senator FORSHAW—What about the EU?

Ms Pontin—We have not made any approach that I am aware of to the EU.

Senator FORSHAW—Is that because there is no need to approach the European Union agencies? I understand that Syngenta is a Swiss firm. I was just wondering whether there was some need to liaise with the European Union agencies.

Ms Pontin—Our understanding is that the product is coming out of the US.

Mr Peachey—I would like to clarify that FSANZ does not have any enforcement powers. If you go down this particular line of thinking, this is a non-compliant product. It is not approved in Australia.

Senator MOORE—Can you repeat that, Mr Peachey?

Mr Peachey—If it is not approved for sale in Australia, therefore it is not approved and it is a non-compliant product.

Senator MOORE—So you said 'non-approved' product?

Senator FORSHAW—I think Mr Peachey said 'non-compliant'—or was it 'non-approved'?

Mr Peachey—It is not approved, I beg your pardon.

Senator FORSHAW—The acoustics in this room—

Senator MOORE—Every now and then the sound just fades out. I do apologise.

Mr Peachey—That leads us into some discussion about what we do as an agency when we do not have enforcement powers. We do refer such matters to people at the border, to our colleagues in AQIS. We also talk to the jurisdictions about these sorts of issues. But, as Dr Healy said initially, we do not believe there is a public health and safety risk. We are alert to the concerns, and we certainly have gone back to the company, suggesting that we should be informed of these sorts of things rather than read about them in the press. So we are alert to the fact that we should have a better flow of communications from companies like this in future.

Senator FORSHAW—So when you became aware of it, did you immediately contact the relevant agencies or the people in the US?

Dr Healy—Yes. I think almost the first action we took was to contact the company and get the relevant information. Our immediate concern is whether there are any public health and safety issues. That was our first concern.

Senator FORSHAW—You said 'the company'—is that Syngenta Australia?

Dr Healy—There is an office of Syngenta within Australia that we have a direct liaison with. Our first steps were, of course, to contact the company and to obtain what information we could get immediately. Subsequently, we followed up with the US authorities and we have had ongoing company—

Senator FORSHAW—When did you first make that contact?

Dr Healy—Again, I do not have the date with me, but it was very soon after we became aware.

Senator FORSHAW—Will you give me those two dates: the date that you became aware—I think you indicated it was around the time of the media report—and the date when you first contacted Syngenta and, following that, when you, I assume, contacted the US agency.

Dr Healy—Certainly.

Senator MOORE—I want to clarify this because we have received a degree of correspondence from various consumer groups—I am sure you have received the same correspondence. As you correctly put it, your major concern is the health impacts of these things. Did you ask a specific question of the company—are there any possible health impacts on the use of this product?

Dr Healy—We certainly discussed that with the company, but we make our own assessment about whether there are any health and safety issues. Because the Bt10 is so

closely related to Bt11, we were able to draw on the information we already had and were able to get some additional information from the company.

Senator MOORE—And, in terms of all that, what was your final assessment?

Dr Healy—There is no particular risk to public health and safety.

Senator MOORE—Is that what you have been telling the people who have been lobbying you about this issue? Is there a standard letter of some kind?

Dr Healy—Yes. In our view there are no public safety issues around this particular variety.

Senator MOORE—That particular gene that was used in the corn—

Dr Healy—has been used in other corns.

Senator MOORE—Yes, and that was the basis. I wanted to get that really clear.

Proceedings suspended from 1.02 pm to 2.05 pm

CHAIR—I call the committee to order. We will continue where we left off.

Senator FORSHAW—I take you to the draft assessment report, I think it is proposal P292, regarding country of origin food labelling. Can you tell me where the process is here? I understand it is proposing the implementation of a new standard. Could you just let me know where we are up to at the moment?

Mr Peachey—Just as background, country of origin labelling has been around for a significant length of time. There is a transitional standard code. That was accepted in December 2002. The matter was referred to the ministerial council responsible, and guidance was provided by that council. In response to that, we have gone out publicly twice now. We convened an expert committee to advise us on country of origin labelling. Where we are at the moment is we have suggestion in the public domain. We have had a considerable amount of comment. We are yet to go back to our board to get a final position on it, and then it will go on to ministers. So it is basically work in progress. We have got a way to go. Certainly our intention is the final outcome will be one that would be broadly accepted within the community, so we have listened to the issues that have come up in the last month or so.

Senator FORSHAW—Can you give me a target date for the introduction of a new standard?

Mr Peachey—At the moment we are looking at all the submissions, and there are a significant number of submissions. We would hope to go back out probably later in the year for a further round of consultation. That would put us into next year. So if I was a punter I would be saying somewhere around mid-year next year or thereabouts, all going well.

Senator FORSHAW—So about another 12 months or so. We are talking calendar years here, aren't we?

Mr Peachey—Yes. And that is obviously affected by our need to consult and get that broad community support I was talking about.

Senator FORSHAW—Can you explain to me how the draft standard changes the current arrangements for fresh or unpackaged fruit and vegetables?

Mr Peachey—The current standard requires that for unpackaged food either country of origin of that food or a declaration that the food is imported must appear on the food or on a sign near a food. That is what exists at the moment.

Senator FORSHAW—This is unpackaged.

Mr Peachey—Were you only after unpackaged food or food more generally?

Senator FORSHAW—I think I said fresh fruit, unpackaged fruit—I suppose that is unpackaged food—and vegetables.

Mr Peachey—What I was referring to was the requirements for fish, fruits, vegetables and nuts. There are a few general requirements for unpackaged food.

Senator FORSHAW—Okay.

Mr Peachey—The suggested arrangements were suggesting for unpackaged fish, fruits, vegetables and nuts that the country of origin requirements can be provided by a label or a sign displayed with the food or provided to the purchaser on request.

Senator BARNETT—So is that optional?

Mr Peachey—Yes. And that causes the point of discussion out there in the community at the moment.

Senator FORSHAW—What does that mean in practice? What is the specific change here?

Mr Peachey—If you can imagine going to a fresh fish shop, the option that has been canvassed publicly is that you would walk up to the counter and the product would have the country of origin, or if I went up to the counter and said, 'Where does that fish come from?' the expectation would be that the person selling it would know where that fish came from.

Senator FORSHAW—Currently it has to have a statement that says that it is imported or it is from some particular country.

Mr Peachey—Yes, it is either the country of origin or a declaration that the food is imported, and that must be on a sign near the food.

Senator FORSHAW—I think fish is a good example to use. I am just trying to understand what the specific impact of the draft standard would be on that. Can you tell me again.

Mr Peachey—The specific impact if that proposal were to go ahead, rather than have imported food on display with a sign against it there would be imported food on display and the purchaser would go to the vendor and say, 'Where does that product come from?' The obligation would be on the person selling the product to say what country it came from.

Senator FORSHAW—So there will no longer be a requirement to have a sign or label that states that it is imported or is from a particular country.

Mr Peachey—As I was at pains to say from the start, this is a proposal for discussion. If that proposal were to go ahead, that would be the case. I did qualify my opening comments on country of origin to say that we are consulting further and certainly it has not gone to the board nor has any final decision been made on the nature of the country of origin declarations on the unpackaged products.

Senator FORSHAW—What about packaged food?

Mr Peachey—Under the proposal that is out there at the moment, packaged foods must identify the country of origin or have a statement to the effect that the product is imported. That is the proposal that is out there in public.

Senator FORSHAW—Am I right that at the moment there must be a label on or attached to the packaged food that specifies where the food was made, produced or packaged?

Mr Peachey—At the moment the country of origin is mandatory for all packaged foods and there are various ways of complying with that, including details of where the product was packaged.

Mr Stockwell—Currently the requirements are that the country of origin be identified, and that can be done in a number of ways, either with a statement of the country or by the address of the manufacturer.

Senator FORSHAW—If some of the ingredients do not originate in the country where it is manufactured, am I right that the label must contain a statement that the food is made from local and imported ingredients?

Mr Stockwell—That is correct.

Senator FORSHAW—I must admit this is not easy to follow. So in terms of the proposed standard—I understand that it is a proposal at the moment—what changes will be made to those requirements we just mentioned, for instance with respect to the information on the label?

Mr Stockwell—Under the proposal the label on the package must include a representation that identifies the country of origin or a statement that the food is imported or a statement that identifies the country where the food was made, manufactured or packaged for retail sale and to the effect that the food is constituted or made from ingredients imported into that country or from local and imported ingredients, as the case may be.

Senator FORSHAW—In a practical sense, what do those changes mean?

Mr Stockwell—It means that we have broadened the ability to represent, so in fact made it easier for a greater range of representations of the country of origin. We also draw on the requirements of 'made of' or 'product of' that exist under the Trade Practices Act in Australia and ability to represent the country of origin of food or where it was made or produced, depending on the relative level of inputs to that country.

Senator FORSHAW—Am I correct in saying there is more flexibility in the new proposals for the manufacturers as to how they would communicate to the consumer?

Mr Stockwell—There is a little more flexibility in the packaged goods area, yes.

Ms Halton—Mr Peachey and I have just been discussing something. We have a piece of paper that has scribblings on it, which we will remove because they are distracting, that is a summary of what the current transitional standard is and what the proposed standard is. We will give you our summary; it is a ready reckoner, if you like.

Senator FORSHAW—It might be useful if you could provide that.

Ms Halton—We will get this cleaned up and then we will table it for you. It might help make it a little less impenetrable.

Senator FORSHAW—I have the words of the current standard and the proposed new standard, at least in summary form, but if you could provide that it would be good. What will be the position with fruit juices? Are they covered by any of the other two?

Mr Stockwell—Under their proposed standards, specific requirements around fruit juices will not go into the new standard. The fruit juice products will be covered under normal requirements for packaged goods or unpackaged if, in fact, they are unpackaged. Fruit juice will be caught up with the broad slate of packaged goods.

Senator FORSHAW—But do you envisage any substantial change in the current arrangement for fruit juice? Or it just follows as a matter of course with regard to what you said earlier about packaged goods?

Mr Stockwell—There were some quite specific requirements for fruit juices in the current standard relating to the various proportions which require that each country of origin of those various proportions of fruit juice be identified. We are making that a little simpler, but it still gets caught up with the general requirements for packaged goods and the relative statements about 'produce of' or 'made in' or 'manufactured in'.

Senator FORSHAW—What monitoring do you do of compliance with the existing labelling standards?

Mr Peachey—We do not have formal enforcement powers, but we do some monitoring of labelling. It is a fairly modest program. We have undertaken two surveys. The general purpose of the surveys was to inform us about the take-up of new labelling requirements and to see whether industry was properly informed about it, and also to look at our own standard to see whether or not there were requirements that were not necessary. We published one of those findings, and the second finding is going to be published shortly.

Senator FORSHAW—Have you been made aware of any evidence, maybe anecdotal I suppose, that these new standards may be ignored?

Mr Peachey—Going back to our survey, we are pretty strict on evidence based discussions. We have found in our surveys that the main public health and safety issues around labelling have been covered. Compliance is not the right word, but the level of adherence to the standard is somewhere high above 90 per cent for those public health and safety issues. On a scale of relevance on the labelling requirements, we would say that yes, there is compliance with the public health and safety issues of labelling. But there are some areas of labelling that are not followed. They go to things like italics or a comma or a semicolon or the width of the box around the nutrition panel. They are hardly public health and safety issues.

Senator FORSHAW—They are more technical arrangements. What about in the fresh food or the unpackaged food areas? Do your surveys suggest that requirements are complied with—fish, fruit vegetables and those sorts of things?

Mr Peachey—As I understand it, it was the labels on packaged food that we were looking at. I really cannot comment on the unpackaged.

Senator FORSHAW—There is no work done in that area?

Mr Peachey—No recent work, to my knowledge, no—not by Food Standards.

Senator FORSHAW—Could you take it on notice to comment on the proposed arrangements with comparable countries or economies—the US, Europe, Canada and the UK—as to how the current and the new proposal in a new regime would compare to the requirements in those places. I do not want to take up your time in the committee this afternoon going right through it.

Mr Peachey—Just to be clear, it is the requirements in relation to country of origin labelling?

Senator FORSHAW—Yes, we are only talking about country of origin labelling.

Mr Peachey—In like countries like the US and Canada?

Senator FORSHAW—Yes.

Mr Peachey—Okay.

Senator FORSHAW—I also had some questions on minimum residue levels.

CHAIR—Before moving on, Senator Forshaw, Senator Barnett has a couple of questions on this issue.

Senator BARNETT—Thank you, Chair. How was the proposal that you have been discussing formulated and on what basis was the proposal prepared? Secondly, how far through the consultation process are we and when will that come to a conclusion?

Mr Peachey—Our starting point on country of origin labelling this time around—because it has been around for a while—started with the ministerial guidance we receive some 12 months ago that obliged us to have regard to certain matters. We then went out, as is our usual practice, for two rounds of consultation. The first round of consultation was the initial assessment around, where it is more about canvassing issues to make sure that we are aware of what all the issues are. Alongside of that, as I mentioned earlier, we set up an expert advisory committee to help us inform some of the details. We then went on a second round of consultation.

Senator BARNETT—Does the expert advisory committee include key stakeholders? Who would that include?

Mr Stockwell—The external advisory committee included key stakeholders—people from industry, consumer groups, and some government departments both in Australia and in New Zealand.

Mr Peachey—I have to stress, though, that that expert advisory group does not replace the weight we put on our general public consultation. To go on, we went for a second round of public consultation and in that second round we included suggested drafting for a standard. We sought comments on that, as we did in the first round, and we have now received those comments. Due to the strength of feeling we are obviously now going back to our earlier position and saying, 'Does it actually suit country of origin requirements for the future and does it have that broad community support we are after?' The option is open to us to go for another public round of consultation, and my inclination is to do that. That would happen sometime later in the year. In the meantime we are also talking to key stakeholders who have

raised specific issues with us. Mr Stockwell will be visiting those in the next week or two to get some feedback.

Senator BARNETT—What sort of feedback have you had on that second round of consultation from the key stakeholder groups—I am particularly interested in the agriculture sector: the Tasmanian Farmers and Graziers Association, the National Farmers Federation and other agricultural groups? What have they said about the proposal?

Mr Peachey—I will open the batting and maybe Mr Stockwell can help me out. Country of origin labelling has always attracted quite a polarised range of views. We have noticed this time round that any suggestions of going down the track of this information being available on demand for certain unpackaged products has raised concerns about perceptions of watering down the standard. There have been issues around the practicality of that—how would someone in a shop actually understand or know what sort of guarantees we have about that? So there are some practical issues that we will have to address.

In terms of the agricultural sector, I think there is also a divergence of views there. The issue from my reading of it is: how far do you go in terms of the products and how far down the track do you go with these products? At the moment we only have a handful of unpackaged products that we are dealing with. Issues around the costs associated with this have also been raised. So there is mixed bag of views.

Senator BARNETT—They are under consideration at the moment?

Mr Peachey—They are under consideration at the moment. We take our obligations in relation to consumers very seriously, and it is right up there amongst our objects under the act to make sure that whatever standards we have do inform consumers and do prevent fraud and deception. Issues around consumers and consumer understanding are key to our business. That is why I go back to the point that the final decision is obviously going to have regard to all of these views and we are going to have to come up with something that is simple, workable and easily understood.

Senator BARNETT—So the current arrangement with respect to packaged peas, beans, carrots, potatoes—that type of thing—is 'country of origin' or 'imported'. Is that right, on the current arrangement for those packaged products?

Mr Stockwell—The current arrangement is the inclusion of a statement which identifies the country in which the food was made or produced. It does not allow for the word 'imported' for packaged goods.

Senator BARNETT—And what is the proposal?

Mr Stockwell—The proposal does allow for the use of the word 'imported'.

Senator BARNETT—Does it have to identify the country of origin?

Mr Stockwell—The proposal gives a choice of identifying the country of origin or including a statement that the food is imported.

Senator BARNETT—On the latter, does it have to identify the country of origin?

Mr Stockwell—Not necessarily.

Mr Peachey—Again, I would like to stress this work in progress.

Senator BARNETT—Sure. To go into the future a bit, what is the next step you will undertake?

Mr Peachey—Our plan is to another round of public consultation, then with our board and then on to ministers. That will be probably around mid-June next year if all goes well.

Senator FORSHAW—I want to ask a couple of questions regarding 2,4-D. In estimates last week, in the Senate Rural and Regional Affairs and Transport Legislation Committee, the Australian Pesticides and Veterinary Medicines Authority told the committee that it had set a maximum residue limit for 2,4-D but, for the MRL to become legally binding, FSANZ has to incorporate it into its food standards code. Is that the position?

Mr Peachey—That is the position. The APVMA's main concern is around the use of chemicals. Ours is around the MRL in the food at the point of purchase. Ours is that of the safety end of the discussion of that whole MRL issue.

Senator FORSHAW—So you would be looking at products like tinned fruit, fresh fruit and vegetables, and wine. Am I on the right track here?

Mr Peachey—Yes.

Senator FORSHAW—Where have FSANZ got to in terms of taking this forward and making it law?

Mr Peachey—That is on the 2,4-D?

Senator FORSHAW—Yes. All of these questions are about that.

Mr Peachey—Just as background, we have got MRLs for 2,4-D in a number of products in the food standards code. We received an application from the APVMA that they were actually considering a research MRL for dormant grapes. As is our customary practice, that triggers a process for us in which we have a look at the implications in the final product and that triggers our usual process for establishing an MRL for grapes. The board has considered it, we have been out for public consultation and we have considered the dozen or so applications we received. We went back to the board as, again, is our usual customary process and we referred the matter to ministers.

Senator FORSHAW—What foods do you have the MRL established for at the moment?

Mr Peachey—I will just go through them quickly: cereal grains, citrus fruits, edible offal, eggs, vegetables, lupins, meats, milks, oilseeds, pears, potatoes, poultry and pulses. So it is not a unique circumstance.

Senator FORSHAW—I did not get them all down but I am sure Hansard will. Are they at the same level for each food?

Mr Peachey—No, it varies. It varies in relation to dietary modelling or exposure.

Senator FORSHAW—Can you give me some figures?

Mr Peachey—Perhaps I will refer that to the Chief Scientist.

Dr Healy—I will just clarify that the MRL that is advised or notified to us from the APVMA is set on the basis of good agricultural practice. So 2,4-D is designed to address it in weed considerations. So it is going to depend to a certain extent upon the amount of the

herbicide that is necessary to address the weed problem in whatever situation we are talking about.

Of course, only the amount that is needed to address the weed problem will be permitted, and the amount that is to be permitted has to be safe. The mechanism for determining the safety is a twofold step. Firstly, the Office of Chemical Safety in the Department of Health and Ageing does an analysis of the adverse health effects and, secondly, APVMA, using a process that has been developed by FSANZ, checks how much of the chemical is consumed in residues on the food.

Senator FORSHAW—I have been advised that the APVMA set its MRL at 0.05 milligrams per kilogram. I am assuming this is in relation to the recent situation involving grapes?

Mr Peachey—Yes.

Senator FORSHAW—Is it only to do with grapes?

Mr Peachey—Yes.

Senator FORSHAW—This followed a problem that arose in the Sunraysia area of Victoria, didn't it?

Mr Peachey—I believe so. I am not sure exactly where the problem was first detected.

Senator FORSHAW—I understand there was a serious spray drift in that area and that prompted this move. Is that the figure that you are looking at? Would you have consistency with what they have suggested?

Mr Peachey—The figure is the figure that we are considering, Senator. Going back to the issue of it just involving grapes, it involves grapes and wine. By virtue of the processing, wine is involved as well.

Senator FORSHAW—What is the comparison with other countries in terms of the levels?

Mr Peachey—It is a fairly conservative approach. My understanding is that, for example, it is half the Codex level. It is consistent with the European Union level. It is consistent with Belgium, Finland, Greece, Ireland, Poland, the UK, Kenya and the Netherlands. As I understand it, it is half the figure recommended by Codex, the international food standards setter.

Senator FORSHAW—Is there any reason why we have not had a maximum residue level for 2,4-D before in this situation or for this product?

Mr Peachey—I cannot answer the question on the specifics of 2,4-D but I do know that, with the greater sophistication of testing methodologies, traces at these sorts of levels are being found. This is an example of one of them. We are talking, at the end of the day, about detected findings of about 13 parts per billion. It is not much. It is an extraordinarily small amount. That is by virtue of the fact that the better technology is picking it up.

Senator FORSHAW—What are the safety or health effects of too much exposure to or ingestion of 2,4-D?

Dr Healy—With respect to health effects—and we are talking about quite high levels now—there will be effects on the central nervous system, so you might see depression or lethargy, for example, or perhaps respiratory effects.

Mr Peachey—We are setting extraordinary levels of safety margin in them. If we are talking about a level of 50 parts per billion, to be honest, I struggle with those sorts of figures, but to turn it into what it means in real life, for you to exceed the ADI you would have to consume around 100 litres of wine a day. So I think the safety margin is—

Senator FORSHAW—Of wine? I thought you meant of 2,4-D!

Mr Peachey—No, 100 litres of wine a day for you to exceed the ADI, at the levels that we are suggesting.

Senator FORSHAW—I have no further questions for FSANZ.

CHAIR—I thank the officers from FSANZ.

[2.34 pm]

Australian Radiation Protection and Nuclear Safety Agency

CHAIR—We will move on to ARPANSA.

Senator FORSHAW—Firstly, I refer to the answers to questions on notice that I tabled at the additional estimates hearings in February. I am sure you have a copy of them with you, Dr Loy.

Dr Loy—Yes, I do.

Senator FORSHAW—I notice that in a number of answers you have used the phrase 'remain important considerations'. I am looking at the first question, which had four parts, and you responded in your answer with regard to paragraph (b) of the question. It says that the issues relating to arrangements for the disposition and treatment of spent fuel and resulting intermediate level waste 'remain important considerations' in the context of considering a licence to operate the reactor. I am sure they remain important considerations and I notice that that phrase has been used on a number of occasions in answers to other questions. But there I drew attention to some specific remarks you had made or answers you had given in earlier estimates about what it would require for you to be satisfied that sufficient progress had been made to grant a licence. This is, as you know, in relation to what progress had been made on the development of a waste store. What do you actually mean by they 'remain important considerations'? Do the original answers that you gave, where you were quite specific on this issue, still stand?

Dr Loy—The context of your questions and my answers arise from the change in the previously thought of arrangements for disposition of spent fuel from the OPAL reactor, in that ANSTO has now put forward a proposal whereby, at least for the first 10 years, the fuel would be returned to the United States and no product would return to Australia. Therefore, if that is seen to be effective, the issue of a store in Australia for OPAL spent fuel becomes less urgent by definition—nothing is going to be coming back if it goes to the United States and this arrangement applies for 10 years. That is not to say that if you look at other matters the issue of a store and its timing is not important, but specifically on OPAL licensing, if the

proposal by ANSTO holds up, the urgency of a store in relation to that licensing decision per se is a lesser one.

Senator FORSHAW—Why do you say that it is less urgent? I understand what you are putting to me—and I am not saying that I agree or that I accept it or do not accept it—but, as I understand it, when you made those comments it was on the basis that it was intended there be a store to take the new reactor waste. But, now, with this new arrangement that has been entered into by ANSTO, the government and the US to send spent fuel overseas and bring it back some years hence, you say it is less urgent. Why is it less urgent? Why does the fact that it may come back here later than might otherwise have been anticipated make it less urgent to resolve this issue?

Dr Loy—I take your point, and perhaps 'urgent' is not the right word. In the first scenario I am thinking of an issue whereby spent fuel would have gone to France and been reprocessed and the product would have been returned, say, a decade after the OPAL began operating. To therefore be satisfied that there were arrangements for dealing with returned fuel, clearly there needed to be a store in operation at that time. My degree of being satisfied that that would happen would therefore be a more demanding task than would have been the case if we had got another 10-year period of grace. Clearly, in order to essentially license a reactor that will continue for more than 10 years, there is a need for a store, because the United States arrangement certainly cannot be guaranteed beyond that 10 years. So I need to be satisfied that there will be a store, but how hard is it to satisfy you that there will be a store that is not needed for another 10 years? I am getting myself tied up in knots a little bit, and 'urgent' is not quite the right word—

Senator FORSHAW—Do you feel that there is more time now available to finalise the issue—is that what you are saying?

Dr Loy—Yes, viewed entirely through the spectacles of the OPAL licensing. As I said, there are other reasons for having a store—

Senator FORSHAW—Yes, and we will come to that in a minute.

Dr Loy—and obviously the HIFAR returning fuel is critical in that regard.

Senator FORSHAW—Let us just deal with the new reactor for the moment. This issue is not just about saying that, because ANSTO has entered into an arrangement which is an interim position, if you like, for the next 10 years, it therefore follows that things can be spun out a bit longer before the decision is ultimately made on the location of a store, which is integral to your decision to license the facility. How much progress has been made on the ultimate decision as to where a store will be built and all that follows from that?

Dr Loy—I guess I can only reiterate that obviously I still regard as important the issues of the disposition of spent fuel and the return of intermediate level waste and its storage with respect to the OPAL reactor. I need to be satisfied that that can be dealt with over the life of the reactor. However, I cannot accept that the fact that the first 10 years has been dealt with in another way is not a relevant matter.

Senator FORSHAW—I am not suggesting it is irrelevant, but the point I am trying to put to you is that the issue is ultimately about whether we will have a store in Australia and where

it will be located. There are all the other issues related to that, but they are the two most important ones. That is a very vexed question, and it seems that as time goes on it may be getting harder to solve. Some people might say it is becoming a bit like the second Sydney airport issue. Surely it cannot be taken that, as this arrangement was entered into with the US, you can change the view and say, 'We now have more time for you to be satisfied that that issue is going to be resolved'? It may get more difficult to resolve, as you will, I am sure, appreciate.

Notwithstanding the contract arrangements that have been entered into for the fuel to be sent to the US and brought back some years hence, Would it not be better, Dr Lloyd, to continue to work on the basis that this issue—progress on this decision for a site for a store—is integral to the licensing of the new reactor and should be treated the way you were regarding it earlier?

Dr Loy—I absolutely agree with you. Progress is integral to the licensing of the replacement reactor. The question is: is the arrangement for the first 10 years relevant to demonstrating that integrality? Yes, it is. I am sure I will receive many submissions about quite how that works out in my decision making. I will have to think carefully about it and state my reasons when I come to it.

Senator FORSHAW—Could you adopt the view at this stage because this arrangement is entered into? Whereas previously when you were defining what you felt progress to mean, or what a serious proposition meant, you said there would need to be evidence of the sorts of characteristics of the store. You are aware of the way in which you defined what a serious proposition would entail?

Dr Loy—I guess that is all still true. The issue of the first 10 years of disposition is relevant to my decision. I also note the Prime Minister's statement of last year that the government would be proceeding with proposals for a national store for intermediate level waste. According to the Prime Minister's statement, that process is proceeding.

Senator FORSHAW—But you have to be convinced that there will be a store. Your own words were that, in order for you to issue a licence to operate, you have to be convinced that there will be a store.

Dr Loy—Yes.

Senator FORSHAW—Because of the arrangement that has been entered into and the difficulties that are being confronted with finding a location for a store, might you be less convinced about that eventuality than earlier? In other words, this contractual arrangement buys time, doesn't it? But time could make this whole issue more difficult to resolve.

Dr Loy—I hear what you are saying—

Senator FORSHAW—You know what I am saying. The government has already moved away from its original decision to locate a store in South Australia.

Dr Loy—No—it never made such a decision.

Senator FORSHAW—Sorry; I take your correction. It has moved to a position to say the store will be located on Commonwealth property.

Dr Loy—Yes.

Senator FORSHAW—So that is a significant change from its earlier position. It now has to determine where that particular piece of property is.

Dr Loy—Yes. I expect there to be progress in that decision making by the time I come to make the decision on this operating licence.

Senator FORSHAW—What would progress be an identification of potential sites?

Dr Loy—That would be helpful, yes.

Senator FORSHAW—What is your expectation as to the time frame for you to make the decision on an operating licence? An application has been lodged, has it not?

Dr Loy—For the operating licence, yes. I understand from ANSTO that they are not expecting to be in a position to start the cold commissioning of the facility until the end of this year or the beginning of next year. The results of cold commissioning are an essential part of the evidence I will need to make a decision on the operating licence, so that puts us into probably the second quarter of 2006 at the earliest.

Senator FORSHAW—Did you say the first quarter?

Dr Loy—Probably the second quarter. I think the cold commissioning itself will take several months.

Senator FORSHAW—I drew your attention to your earlier responses in June last year—which I was alluding to earlier—that some of those sorts of evidentiary characteristics that would demonstrate progress would be: features of the design being settled; the siting criteria having been established; and a strategy and timetable being in place for a site or sites. In your view, are those requirements still relevant to defining progress, in the light of this arrangement for—

Dr Loy—All of those things would be highly desirable.

Senator FORSHAW—What if they are not available?

Dr Loy—I do not know. I have to look at all the evidence that comes before me and all the submissions that are made—

Senator FORSHAW—But if you do not get any evidence on those things which you specified earlier—

Dr Loy—But I cannot just sit here and speculate on what might or might not happen. Clearly, I have said—

Senator FORSHAW—They were your words, Dr Loy, not mine.

Dr Loy—that I need to be convinced that there will be a store. The issue of the 10 years is relevant to that, but nonetheless I need to be convinced that there will be a store, because I am licensing the reactor well beyond that time. Issues like having sites under examination, having a design and having a timetable for planning are obviously very positive evidence that would help convince me of that.

Senator FORSHAW—Dr Loy, are you confident at this point of time that those criteria will be presented to you before you come, in the middle of next year, to make the decision on

the operating licence? Is there any evidence to suggest that the features of the design of a store are likely to be settled, that the siting criteria have been established?

Dr Loy—I am certainly aware that the Department of Education, Science and Training are working on these matters. I understand that they are progressing those issues. I cannot speculate on how far they will have got and what they will be able to put to me.

Senator FORSHAW—I am sure we will revisit it again, but I become less confident as time goes on that those sorts of criteria will be met. As you correctly pointed out, there are other considerations which relate to the issue of a store than just the waste to come from the new reactor. There is the returned waste from HIFAR which is due back in 2015—am I correct?—or something like that.

Dr Loy—It is probably a little before that, plus or minus a couple of years.

Senator FORSHAW—After 2010 or 2012, is that it? I am trying to remember the dates. There are so many of these dates thrown around.

Dr Loy—I understand that it is quite likely to be reprocessed in France next year, and then there will be another period of four or five years cooling in France before it is returned, so that would be 2010, 2011 or 2012.

Senator FORSHAW—My recollection was that it was after 2010, but this 2015 date seems to be thrown around a bit. Putting to one side the arrangements that have been entered into for OPAL, the new reactor, would it be fair to say in regard to the final storage of the HIFAR waste that nothing has changed in the considerations for the time frame of the store?

Dr Loy—That is right. A storage option will be needed at the time of that return of the waste from France.

Senator FORSHAW—Do you believe a permanent store is required or could it involve some further interim arrangement like its return to Lucas Heights until the issue of a final permanent store is resolved sometime later?

Dr Loy—From a safety perspective, if a proposition were put to me of a safe store for this material that was not intended for a lengthy period of time but was otherwise safe, then I would consider that.

Senator FORSHAW—But that would not be consistent with what you see your requirements as being, would it—that is, the location of a permanent store? That is what we are supposed to be working towards.

Dr Loy—I think this is a national issue. This is an issue for this country. This material is going to return here and needs to be dealt with. Obviously it is better to deal with it in a way that is long term rather than to deal with it with an interim fix. That is a statement of the bleeding obvious. In terms of safety solely, per se, there is no doubt that there are interim arrangements that could be managed safely.

Senator FORSHAW—I take the point that there is now an arrangement being entered into to deal with the waste on an interim basis for OPAL, but clearly a decision was made that there would have to be a resolution to the waste storage issue—a firm, permanent resolution and not some continuing series of interim solutions that may lead down the track to some

permanent solution. Are you saying that you could accept a proposition whereby the waste from HIFAR that gets returned to Australia in 2012, if that is when it is, is stored on an interim basis pending the finalisation of the permanent store?

Dr Loy—If that were a proposition put to me as a regulator of safety, I would examine it from a safety perspective. It is obviously dependent on the specific proposal, but I believe in general it could be done safely. If the government were to ask me whether I thought that was a particularly wise approach to the issue, I would tell them no.

Senator FORSHAW—I was going to ask you that, but you have told me your view. I do not think it is a wise one either. When you come to make the decision for the operating licence for the new reactor, will you take into account the progress that is made on the issue of the storage of the waste from HIFAR that is due to come back here in 2012? I fail to see how they are not connected.

Dr Loy—I agree that that they are connected. Obviously, you would not build two stores if you had the choice. Proceeding on a long-term store for the HIFAR fuel that was also suitable for the OPAL fuel is obviously, in everybody's interest, the sensible way to go. And progress with a store is, again, an important issue in the context of the operating licence.

Senator FORSHAW—That is right. When you answered the earlier questions you delineated between the new OPAL reactor waste and the HIFAR waste, but at the end of the day you have to make a decision on the operation of the new reactor. I put it to you that that should take into account the arrangements for the waste from that reactor, but shouldn't it also take into account what progress has been made on the permanent storage of the HIFAR waste? At the end of the day, it is all going to have to be stored somewhere.

Dr Loy—I do not think I quite said that.

Senator FORSHAW—I am asking you if that is the case.

Dr Loy—What I said was that the most sensible proposition—and I do not claim any great wisdom for discovering this—is for there to be a long-term store for research reactor spent fuel intermediate level waste that would be ready in time for the HIFAR fuel and when OPAL fuel returns.

Senator FORSHAW—A lot of people might think this is a debate about semantics, but what I am putting to you here is that it would seem to me that you could end up with a position where a decision could be made to grant an operating licence for the new reactor on the basis that there is no location for the store for that waste identified and that the waste comes back from HIFAR and it may have to be stored on some interim basis within Australia pending any decision being made on the store. That is a realistic scenario, isn't it?

Dr Loy—I do not know.

Senator FORSHAW—It is starting to look like it. We are not that far away.

Dr Loy—I do not think that is necessarily the case at all. Clearly, by the time I come to making a decision on the operating licence I expect to have a submission from the Department of Education, Science and Training, or from ANSTO drawing upon DEST's advice, about the arrangements for storage that would include arrangements for storage of the

OPAL fuel. Whether I find that satisfactory is a matter that I will have to decide at the time, taking into account what the act tells me to take into account.

Senator FORSHAW—You said 'the OPAL fuel'. And the HIFAR fuel?

Dr Loy—I imagine that is what DEST's proposal will be.

Senator FORSHAW—Do you have any indication as to when you might be receiving that submission? Have you been given any indication from the department as to when they may be putting a submission to you along those lines?

Dr Loy—No, I have not. As I said, I have had indications from them that they are working on the issue and they hope to have decisions from the government soon.

Senator FORSHAW—Can I turn to the audit report of the Australian National Audit Office which was released earlier this year—just after our last round of estimates, I think—in March.

Dr Loy—Yes, 2 March.

Senator FORSHAW—The Audit Office made, in total, 19 recommendations to ARPANSA. I would suggest that there were quite a lot of issues raised by the Audit Office with the various procedures and functions of ARPANSA in quite a few areas. I am sure you are very much aware of them, Dr Loy. There was a response from ARPANSA to this audit report which stated:

ARPANSA acknowledges the work of the ANAO in this audit and agrees that the business processes supporting this regulatory function need improvement. A formal review has been established to recommend changes to business processes and to oversee their implementation.

Can you elaborate on just what is happening with this review, how it is being conducted, who is doing it and so on?

Dr Loy—Yes, I can. I happen to have the reviewer sitting beside me, anticipating, cleverly, this question.

Senator FORSHAW—I have always found you to be able to anticipate very well, Dr Loy.

Dr Loy—Indeed.

Senator FORSHAW—That is a compliment, by the way.

Dr Loy—Thank you. I accepted during the ANAO audit that we needed a strong review of our regulatory processes—not only a review but a period whereby the people responsible for the review also oversaw implementation of that. Prior to the audit report coming out, and obviously subsequently, we went through a process of establishing the arrangements and got Mr Peter Brandt on board and also made some arrangements for a consultative committee to assist him. I might pass over to him to let him describe just a little bit of the process he is intending to go through.

Mr Brandt—The project team commenced as a group of 2.6 staff on 15 April. To date, we have put together a project plan, which has been approved by the CEO. The project is basically in three stages. The first stage—which is coming to an end tomorrow, in fact—involved a review of current regulatory processes and a consultative process with licence holders and other stakeholders. The second stage, which is scheduled to end on 23 September,

will include a redesigned regulatory process with recommendations on improving regulatory business processes made to the CEO and a sign-off by the CEO of some or hopefully all of the recommendations being made. The third stage is implementation of those recommendations. We are looking at implementing them by the end of this calendar year.

Senator FORSHAW—Are you talking about the recommendations of the audit report or the recommendations flowing out of the review?

Mr Brandt—The recommendations of the review, which will obviously include the 19 ANAO recommendations. We are looking at the improvements being implemented by Christmas, by the end of this calendar year. Some of the recommendations will have come into force before that but we want all the recommendations in place by the end of this calendar year.

Senator FORSHAW—Who signs off on the implementation of these recommendations that will come out of the review?

Mr Brandt—The recommended improvements will be made to the CEO, Dr Loy. As Dr Loy indicated, there is also a consultative committee that has been established, which will oversee and provide some advice on regulatory control, which will also provide advice to Dr Loy and to the project team.

Senator FORSHAW—Who is on the consultative committee?

Mr Brandt—The consultative committee is chaired by Ms Kidziak, who is the chairman of the Radiation Health and Safety Advisory Council. We have Jill Fitch, who is a recently retired officer of the South Australian Environment Protection Agency, Janet Davis, who is from Comcare, Colin McDonald, who is the occupational health, safety and environment manager from the CSIRO, and Cait Maloney, who is the general manager of safety and radiation services from ANSTO.

Senator FORSHAW—Were they chosen by you, Dr Loy? Is that how it was established?

Dr Loy—Basically I wanted a set of skills. Ms Maloney has the advantage of not only coming from one of our major customers or regulatory clients but also having had experience in the Canadian Nuclear Safety Commission, so she brings that background as well. There is some international regulatory experience plus state regulatory experience. Comcare is a major Commonwealth health and safety regulator.

It is really a group of people to give Mr Brandt a sounding board to bounce ideas off. I also have asked them to give an overview of their perspective of the response to the audit after six and 12 months. As Mr Brandt said, I am obviously responsible for signing off on his recommendations and the approach taken but naturally, being an audit report tabled in the parliament, the government takes an interest and we will obviously keep the parliamentary secretary closely across it.

Senator FORSHAW—Is there any role for the government in implementing, if you like, agreeing to or not agreeing to whatever comes out of the review? Does the government or the department have any say? I do not know what the recommendations that come out will ultimately be. Let us say, for instance, if it meant that there needed to be changes in the staffing or substantial amounts of funding were required, how would that be handled?

Dr Loy—There are obviously issues, if funding and resources were involved, that the government would be interested in, even though of course any additional expenditure in regulation would be recovered from the licence holders. But I think it is more a case that, as you say, the Australian National Audit Office has been critical of an agency, and it is only to be expected that the government will want to be satisfied that my response to that criticism is adequate.

Senator FORSHAW—They were fairly critical, weren't they? From my reading of the report, some serious criticisms were made of ARPANSA.

Dr Loy—Yes. I certainly accept the view that many of our regulatory processes have not been put in the context of a quality system and meet the best standards in terms of how you go about managing a regulatory process. I acknowledge that, and that is the central feature of Mr Brandt's review. I do not necessarily fully share some of the observations that have been made by the ANAO on the way to reaching that conclusion, but I guess that is a battle for another day.

Senator FORSHAW—Are you able to explain in a general way why the ANAO found quite a number of issues of concern and failures? At the start of their report, for instance, they refer to amendments that occurred during the passage of the legislation that were late changes to its role and structure. I have some scepticism about the impact of that. It goes on to say:

> Further, the size and scope of the regulatory function were underestimated during its planning and implementation. The number of sources was four times more than planned, and the number of facilities nearly three times more.

That suggests there were some serious deficiencies in the planning phase for the establishment of ARPANSA. That may be someone else's responsibility. How significant were those sorts of issues for ARPANSA?

Dr Loy—One of the critiques that I have of the report is that it probably does not distinguish clearly enough in the reader's mind between our initial issue of dealing with the existing activities of the Commonwealth in radiation and nuclear versus our ongoing role of looking at new proposals and monitoring compliance. The parliament deliberately structured it in a way that said, effectively, that on 6 August 1999 everybody who was using radiation in the Commonwealth had to have a licence application in. If they did, they were grandfathered. They were effectively 'licensed'. So on our books on 6 August 1999 there was the big task of going through all the Commonwealth's existing activities. But it was not an urgent task in the sense that nothing was being held up in terms of people's use of resources because of the way the parliament had structured the legislation.

We did not have enough resources to turn that large mountain of applications around at all quickly. In retrospect we should have had some more, I think, but nonetheless it was a case of slogging through all of that work. We were prepared with assessment procedures but given that workload it took some time for those procedures to be imported into an adequate quality system. Therefore, it could be characterised that we were not using fully documented assessment procedures. I think that is one of the major criticisms that the audit report makes. Nonetheless, we were using procedures and processes. The degree of documentation probably was deficient. So that large workload did take some years to go through, and that is a unique

circumstance. We will not ever face that again. Now we are dealing with new radiation applications as they come forward in the Commonwealth, plus looking at compliance with the act, regulations and licence conditions. So we are in a different circumstance from the circumstances involving a lot of the impressions in this report.

Senator FORSHAW—You were also established, coincidentally, at the time of the start of the development of the new reactor.

Dr Loy—Sure.

Senator FORSHAW—I assume that has been a major task. What proportion of resources of ARPANSA would be directed to the ongoing work associated with the new reactor? I appreciate that it has gone up and that it would have increased more at certain times.

Dr Loy—In terms of regulatory resources, it would be a third. That is just a rough guess but it is of that order.

Senator FORSHAW—It would seem that maybe that was not sufficiently taken into account at the time that the legislation was finalised and the new entity came into being.

Dr Loy—Yes. I guess if I were given my time over again I would have looked at how we could have resourced a specialised replacement reactor team and had another group of people devoting themselves just to the existing reactors, nuclear facilities and other radiation sources, instead of having one group trying to do both things, but I am not going to get my time over again and we have lived through that period.

Senator FORSHAW—They were some of those things I assume came about as a result of the development of the legislation, which started out as a proposal to have this national authority that took over what was more of a limited role for the Nuclear Safety Bureau and then picked up all this extra work. One of the other issues that is raised in this ANAO report on ARPANSA is to do with cost recovery. The report says:

There is substantial under-recovery of costs.

At item 22, it says:

In particular, the costs of regulation of the Replacement Research Reactor … have been under-recovered.

That is the new reactor, of course. Would you care to comment on those findings? I have summarised them only briefly, but it seems to me to be a fairly pointed criticism, given that ARPANSA relies heavily on its system of cost recovery.

Dr Loy—There are two points specifically on the replacement reactor. Yes, those costs were underrecovered. The government recognised that and that was one of the reasons we received one-off additional funding the year before last. In that sense, the costs were underrecovered from the client but they have not been underrecovered from the government—

Senator FORSHAW—The client being ANSTO?

Dr Loy—Yes.

Senator FORSHAW—Which is in large part funded by the government—

Dr Loy—Yes, that is right.

Senator FORSHAW—and also has its own funding stream.

Dr Loy—It came out of the same pocket at the end of the day.

Senator FORSHAW—Yes, except that it does have a funding stream from the private sector as well, albeit much smaller.

Dr Loy—The other brief point is that we do have an historical situation whereby the Nuclear Safety Bureau was receiving an appropriation for doing some work that we are now doing by licensing, and that appropriation is in some sense still on the books and it is coming via appropriation rather than by licence fees.

Senator FORSHAW—Because at item 28 the report says:

Some 60 per cent of applications accepted for assessment have been processed without a fee. Accepting applications without a fee is a breach of ARPANS legislation.

Dr Loy—I can assure you that we received the fees.

Senator FORSHAW—Why did the Audit Office—maybe I need to ask them. Did you dispute that with them?

Dr Loy—What we incorrectly did in many instances in the early days was to accept their applications without the fee accompanying them, and the act says the fee should accompany the application. We obviously went and recovered the fee from the applicant later during the process of assessment, so it really is a criticism that we did not take the fee at the time we accepted the application—and that is true, in those cases.

Senator FORSHAW—The ANAO report says at item 41:

The ANAO found that there had been under-reporting by licence holders.

The comment before that at item 41 is:

ARPANSA does not monitor or assess the extent to which licensees meet reporting requirements.

How does ARPANSA ensure that licensees do report?

Dr Loy—Each licence holder has a regulatory officer in the branch. One of the regulatory officer's tasks is to ensure that the licence holder puts in their quarterly and annual reports. There was some confusion, again in the early days, as to whether a licence holder needed to report if they had nothing to report. The answer now is yes. Even if it is a nil report, put in a report so at least we can say you have reported.

Senator FORSHAW—I have seen some of those around this place. I recall reading the report on the preparation of the annual reports. So that has been addressed. I am just picking out a few here. In item 52 of the ANAO report it says:

ARPANSA has reported only one designated breach to Parliament. This is notwithstanding that there have been a number of instances where ARPANSA has detected non-compliance by licensees.

I think you responded to that in your response. Can you explain what that circumstance was and comment upon the ANAO's observation that there had been other instances of noncompliance?

Dr Loy—What happens most commonly is that, as a result of an inspection, the inspectors find that there is a matter which is non-compliant. It might be as small as the licence holder not displaying the licence. They might not have the copy of the necessary code and requirements that they are supposed to have. So they detect this noncompliance. I write to the licence holder saying, 'My inspectors have detected this problem, what is your response?' The licence holder writes back saying: 'We've fixed it. We've done what it is that we were deficient in.' Our practice in the past has then been, if you like, to close the file on that and not record it. In the recent quarterly reports, we have at least been referring to the fact that we have these nonompliances reported and that they have been taken up by the relevant licence holder. As I said, the usual response is, 'Yes, we have fixed it.'

Senator FORSHAW—Yes, I remember reading your response that you have an obligation to them first as well.

Dr Loy—That is right. There has to be natural justice. You do not make a finding of noncompliance until they have had a chance to respond.

Senator FORSHAW—Finally, have you been given any additional funding to meet the cost of the review?

Dr Loy—No.

Senator FORSHAW—Can you tell me how much it is expected to cost and how it will be funded?

Dr Loy—No. It is being funded by an internal rearrangement of priorities.

Senator FORSHAW—Is there a specific cost that you can identify for the review? This is something that you did not anticipate you would have to do, arising out of what seems to be a fairly extensive review process.

Mr Brandt—The agency has budgeted $89,000 for 2004-05 and $260,000 for 2005-06.

Senator FORSHAW—So the total is $350,000?

Mr Brandt—$350,000.

Senator FORSHAW—So $350,000 is being funded through existing funds?

Mr Brandt—That is correct.

Senator FORSHAW—Does that mean that some other area is going to have to suffer as a result of the diversion of those funds to this exercise? How can you do it?

Dr Loy—Suffering is the lot of the public servant.

Senator FORSHAW—We do not want you to suffer in your organisation's role, Dr Loy. I will finish with this because my colleague has to start. We may need to ask a few more questions when Senator Crossin has finished. This is a very important agency. Are you saying that there could be less attention to the normal duties of ARPANSA officers as a result of this redirection of the funds?

Dr Loy—No. Obviously there will be an adjustment of the timing and undertaking of certain activities. They are small adjustments. A number of small adjustments are made over a

range of programs. My judgment is that those small adjustments will not materially affect the outcomes from those activities.

Senator FORSHAW—Can you take it on notice to provide the committee with an explanation of the impact on the normal responsibilities of ARPANSA as a result of having to redirect these amounts of funds to a review? Can you provide that?

Dr Loy—Yes.

[3.31 pm]

Office of Aboriginal and Torres Strait Islander Health

CHAIR—We will now move on to Indigenous health.

Senator CROSSIN—I want to start with eye health. How old is the Aboriginal and Torres Strait Islander eye health program?

Ms Savage—The program has been in operation since 1998.

Senator CROSSIN—How were the funding levels set?

Ms Savage—We have a recurrent base, which is made up of the eye health coordinators, and there are other costs associated with that regional service delivery. At times there have been different costs associated with forums and workshops over the years that make up some of the differences from year to year.

Senator CROSSIN—Were there any programs that preceded the eye health program?

Ms Savage—The current eye health program was preceded by the trachoma eye health program.

Ms Larkins—There was money allocated in the 1995-96 budget, and we can get you those details. But prior to that there had been a trachoma and eye health program operating from the Commonwealth for many years.

Senator CROSSIN—It was trachoma and eye health in one?

Ms Larkins—Yes, and we can get you those details. We do not have them with us.

Senator CROSSIN—In the PBS, are there four-year funding forward estimates for the eye health program?

Mr Thomann—There is a one-line appropriation for the Aboriginal and Torres Strait Islander eye health program as a whole, and funds are allocated out of that one-line appropriation to the eye health program.

Senator CROSSIN—Are there four-year forward estimates here? Or is it only one-year funding for the eye health program?

Mr Thomann—It is based on historical data. It is an allocation within that appropriation, and it has been maintained at an historical level taking into account indexation applied to the whole program.

Senator CROSSIN—So the eye health program is funding for next year and forward estimates—or is it due to end at some stage in the next coming years?

Ms Savage—As Mr Thomann has said, we have a one-line appropriation, and it is not a lapsing program, if that is what you are seeking. It is part of our overall health program.

Senator CROSSIN—So it has forward estimates like your mainstream programs.

Ms Savage—Yes.

Senator CROSSIN—That is what I was trying to ascertain. In question on notice E05-018 I asked: what was the national budget for the eye health program from 2001-02 to the latest figures and how much of the budget was actually spent in these years? Since preparing that answer, do you have the figures for the actual allocation and expenditure for 2004-05?

Ms Savage—The allocation for the eye health program for 2004-05 is $2.7 million. I do not have available with me the actual expenditure to date.

Senator CROSSIN—Can you take that on notice, please.

Ms Savage—Certainly.

Senator CROSSIN—What is the allocation for 2005-06?

Mr Thomann—That is yet to be determined on the basis of our total appropriation for 2005-06.

Senator CROSSIN—Can you take that on notice and give it to the committee when you have got that.

Mr Thomann—We will take it on notice.

Senator CROSSIN—If I compare the notional allocations over the last three years to the actual spending, there is an underspend in 2001-02 of $420,000, an underspend in 2002-03 of $350,000, and an underspend in 2003-04 of $610,000. How do you explain that?

Ms Larkins—I might just preface Ms Savage's response by saying that this is only one element of the funds that we would have allocated to eye health. The major response that we have to eye health issues comes from our funding to the primary health care program and our general funding to Aboriginal community controlled health services, and eye health is integrated into the maternal and child health programs run by our services. So this is additional money. But I will let Ms Savage answer the specific question.

Ms Savage—To add to that: in effect it is supplementary specific funding that bolts on to the range of primary health care services that are delivered, which may include, obviously, provision of eye health services.

Senator CROSSIN—That is not a reason to not spend it all, though, is it?

Ms Savage—No, but any underspend that might occur would occur around the periphery of some once-off expenditure. For example, this year we have a series of workshops notionally identified and funds made available, but due to the delays in finalising the review and undertaking those workshops they did not proceed as planned. So the funding is therefore then made available for other primary health care service activity.

Senator CROSSIN—The underspending from 2001 to 2004 has actually grown to over 20 per cent. Are you planning more workshops that are not attended? Why is the underspend actually increasing?

Ms Savage—The eye health program, as previously stated, is a subcomponent of the overall primary health care program budget. So it is a notional allocation to the specific eye health program. Any savings that might accrue, due to a variety of reasons, go back into that pool and are made available for the extension of a range of primary health care services, which could, obviously, focus on eye health but are more generally applied.

Ms Larkins—We can give you more details, if you would like, on what has happened in those years.

Senator CROSSIN—I would not mind, but are you essentially telling me that, at the end of 2004, $610,000 then went back into the primary health care allocation?

Mr Thomann—That is correct. As you alluded to, there has been a historical basis to this funding that goes back in time. We are moving away from a focus on inputs where the inputs are attributed to historical decisions relating to particular program outputs and through the service development and reporting framework we are requiring primary health care services across Australia to report on what they are doing. This initiative is revealing that the eye health activity is greater than this particular allocation would suggest. So the issue is that this is just one of a much larger range of inputs to primary health care activity. The reason we are moving from an input focus to an output focus is so that we and services can have a much better discussion about what they are doing with these historical inputs that are in their recurrent funding base.

Senator CROSSIN—I hear what you say. Given that this is an underspend of over $1 million over a three-year period and given that I have a little bit of a passion about trying to eradicate trachoma in this country and I can never get either statistics from this committee or any answers as to why it is still prevails in this country, to now find through our investigations that there has been underspend of over $1 million is troubling. The fact that it is part of a primary health care program is not a reason to have an underspend when there is a chronic need out there, particularly when the underspend has increased.

Ms Larkins—It would be a misinterpretation, though, to see this as the only money that we and our services are spending on trachoma.

Senator CROSSIN—I understand that.

Ms Larkins—We will come back to you with some details about why that underspend has occurred.

Senator CROSSIN—You can see where I am coming from. With Indigenous eye health, I would have thought that you could have expended your funds by July of every year and you would be screaming out for more.

Ms Larkins—As you would appreciate, there are issues about rollout of services: particularly in remote and rural areas, that takes time. Let us come back to you with some specific issues. But that is not all of the money that we put towards issues around trachoma. We are happy to tell you about what has been happening in the trachoma field.

Senator CROSSIN—So Indigenous eye health is improving in this country? Would your statistics show you that?

Ms Larkins—In terms of trachoma, the anecdotal evidence that we have, the advice that we have from the College of Ophthalmologists Indigenous and rural eye health committee, suggests that, while it is still endemic, it is not appearing to progress to the late stages of blinding disease and there is a sense that prevalence is decreasing.

Senator CROSSIN—Let me go to the Mulan community. How many people in that community, adults and children, have trachoma?

Ms Larkins—I do not have that with me.

Senator CROSSIN—But this government has just signed an SRA that pivots on people washing kids' faces to eradicate trachoma in order to get a petrol pump. You do not have the number of kids who have got trachoma?

Ms Larkins—I have some historical figures about trachoma rates in Mulan. I do not know the number of children. I know the number of children who were screened for trachoma in 2004-05.

Senator CROSSIN—Tell me that.

Ms Larkins—There were 100 schoolchildren enrolled in Mulan, around 60 of whom would have been screened in 2004-05.

Senator CROSSIN—But that might not be the actual number of children.

Ms Larkins—I do not have the figures for the actual number of children in Mulan. Professor Horvath may want to comment further on this, but there is evidence that face-washing as part of a program of interventions around trachoma is an important part of the response to trachoma. It is an important but not sufficient response.

Senator CROSSIN—So how is this government going to assess if the mutual obligation commitment on behalf of those Indigenous people has been met?

Ms Larkins—We have not been involved directly in the negotiation of the Mulan agreement. I think that is really a question OIPC need to—

Senator CROSSIN—Really? So the team that manages Indigenous eye health did not provide advice about the Mulan plan before it was finalised and signed off?

Ms Larkins—Not to my knowledge.

Ms Savage—The health input largely was at the regional level through the public health unit in the area in Western Australia. We certainly got involved and became aware of it during the latter stages of the SRA.

Senator CROSSIN—What sort of involvement did that entail?

Ms Savage—As Ms Larkins has said, we did not have direct involvement in the negotiation of that particular SRA but we are obviously aware of it and know its details.

Senator CROSSIN—I think most people in this country would be aware of it by now. Were you not provided advice about if you should sign this agreement unless you also provide antibiotics or seal a couple of the roads around the community? You have just said, Ms Larkins, that washing the faces was only one strategy. Surely this is an inadequate response to getting rid of trachoma. It is not a comprehensive response, is it?

Ms Larkins—Except that they will be working with the public health units who still have responsibility for the Mulan community and who have been actively working on trachoma in that community for a number of years. They do regular screening in Mulan for trachoma. So it is not the only intervention that government, either the Australian government or the state government, has made into the Mulan community with regard to trachoma. There is a more comprehensive response.

Senator CROSSIN—I sat for hours last week in front of OIPC and heard the rhetoric about how this was a whole new whole-of-government approach. All departments are now talking to each other and providing advice. Are you telling me you never provided advice or input into that plan before it was finalised?

Ms Savage—This was a fairly early SRA. What we probably need to appreciate is that SRAs are negotiated at the regional level, largely led by the ICC managers in that particular area. Increasingly since the change arrangements, we are obviously more directly involved. Working together in a whole-of-government way is certainly becoming the way we do our business.

Ms Larkins—I should also just point out that new housing has gone into Mulan not as a result of the SRA but in the lead up to the SRA. There has also been widespread use of antibiotics in that community. There was a drop in trachoma prior to the SRA that related to a range of interventions, of which a face washing program at school was one part.

Senator CROSSIN—What is the drop in trachoma there?

Ms Larkins—Our evidence is that the drop was from 75 per cent in 2003 to 16 per cent in 2004. That related to a number of interventions.

Senator CROSSIN—What do those figures equate to?

Ms Larkins—I am sorry; I do not have the numbers but I could get them for you. I have percentages but not numbers.

Senator CROSSIN—Percentages do not mean anything to us really. Sometimes the ICC managers are predominantly responsible for the SRA negotiations but I thought ICCs were now little snapshots—a mini government beehive. Maybe I have just invented a new logo or something for you!

Ms Halton—I am just focusing on that for a second.

Senator CROSSIN—If my friend Mandy Vanstone uses that, I want the copyright! In fact, I can see the cartoons! I hope the press are not watching this. I have totally lost my train of thought, and I have a thousand other words I could say. What I want to get at though is surely Health and Ageing have somebody in the ICC. The manager of the ICC gets this agreement and says: 'Oh, its about trachoma. I will walk two metres across.' Isn't that the idea of this brand new day? They say, 'I will walk across to the desk next to me', or, as I predict, does it go up the chain to Canberra and come all the way back again? Why didn't you have input at that ICC level?

Ms Savage—At that particular time, we did not have an individual in that particular ICC negotiating that SRA. Increasingly the health department is having a physical presence and obviously now has in place many contact officers who are directly engaged in this process. I

think it is fair to say that since the introduction of the changed arrangements the processes for working in a whole-of-government way have certainly been enhanced and those communications are much more streamlined now than they were in the early days of the changed arrangements.

Senator CROSSIN—In answer to some questions in February, you had this to say: 'There was no specific budget allocation for travel under the eye health program in the last three years.' Why is that? Why isn't there a travel budget?

Mr Thomann—Our travel budget is managed at a whole-of-division level; it is not managed at a program level.

Senator MOORE—There is no notional allocation?

Mr Thomann—It would be admin funds for travel.

Senator CROSSIN—Yes.

Senator MOORE—So there is no notional allocation? The division has a certain amount, I know.

Mr Thomann—We have a travel budget for the whole division to do its work, and obviously some of those officers who are involved with eye health would be travelling.

Senator CROSSIN—What about a travel budget provision for eye specialists or nurses and their equipment to fly, say, by charter to remote communities? How much is budgeted for that in the coming year?

Ms Savage—In terms of the eye health coordinators, there is not a subcomponent or an itemised amount for travel. They are funded as positions, and the services in which they are located provide assistance if they need to travel throughout their particular location or region.

Senator CROSSIN—So is the eye health funding provided to different regions on a needs basis? Do you allocate your budget according to need around the country? How do you assess whether Melbourne or Borroloola gets more of the dough?

Ms Savage—The allocation for eye health coordinators does have a historical basis. I think it is important to convey that the provision of specific eye health money is obviously made larger by the fact that it sits within a service and an overall primary health care budget. So services have some discretion in their internal allocative decisions in supporting the provision of services, whether it be eye health or any other specific service.

Senator CROSSIN—Do you have a state-by-state based allocation for the eye health program?

Ms Savage—Yes, we do. I do not have that with me, but I can provide that.

Senator CROSSIN—Can you take that on notice?

Ms Savage—Yes.

Senator CROSSIN—What expertise in eye health is there in the office administering this program? Do you have an organisational chart or something like that which you could provide to us?

Ms Larkins—Yes, but we mainly work with people in the field. In our population health division, we also have people with expertise working on eye health. We have had a senior medical officer in the office as well, and Professor Horvath takes an interest. We work with a wide range of people with expertise in eye health.

Senator CROSSIN—Would it be realistic to say that perhaps in some regions the funding to coordinators does not reach them until many months after the budget is handed down?

Ms Savage—I am not aware of that.

Senator CROSSIN—So funds flow pretty soon after the budget is provided?

Mr Thomann—The funds are allocated on a historical basis, which means that they are allocated to organisations. We are arranging for their contracts to be provided to them later this month, with a view to having those contracts finalised and the money starting to flow in July. So that money, of which the historical eye health program is a component, would be certainly flowing to those organisations early in the 2005-06 financial year.

Senator CROSSIN—You said, Ms Larkins, that there had been some significant changes or improvements in trachoma.

Ms Larkins—That is the advice that we are getting from the College of Ophthalmologists, the specialists who are working in this area—that there has been a reduction in trachoma. As you would be aware, it is not a notifiable disease so uniform collection does not happen across all states. But the advice that we are getting from specialists who work in the area is that there is a reduction in both the severity and the prevalence.

Senator CROSSIN—Is this based on some research they have done?

Ms Larkins—No. As I said before, it is anecdotal.

Senator CROSSIN—When I was at Australian Hearing last week I asked them about the PBS and your funding to the National Acoustic Laboratories. Are they different people or the same people?

Ms Savage—I think that might be the Australian Office of Hearing Services, perhaps.

Senator CROSSIN—They said to ask this in outcome 7 when I saw them yesterday. They said, 'No, that is not us. You have to ask the group tomorrow.' I will tell you what it is. In the PBS it says in 2005-06—

Ms Halton—Isn't that the series of questions on health worker training? You want to know about training of Aboriginal health workers.

Senator CROSSIN—It was also about priority areas for the research and who sets them. The other area was funding for health worker training.

Ms Halton—Health worker training is fine. I am advised, and I think this is right, that Mr Kingdon said he would take the priority area research question on notice, but the issue was health worker training, which I think is appropriately dealt with here.

Senator CROSSIN—I wanted to know what amount of funding you have provided for health worker training in the budget for this coming year.

Ms Larkins—Specifically in relation to eyes?

Senator CROSSIN—No, hearing.

Ms Savage—Our total allocation this year for the hearing health program is $2.728 million. For training, we have a contract with Australian Hearing. They provide services to all states and territories with the exception of NT. In the Northern Territory we have two contracts for the provision of training for hearing health workers, one with the Central Australian Aboriginal Congress for the Central Australian area and one with the Northern Territory Department of Health and Community Services for the Top End.

Senator CROSSIN—What is the budget allocation for the year?

Ms Larkins—It is $0.57 million this year.

Senator CROSSIN—Senator Moore, I am going to have to hand over to you. I have to run and catch a plane.

Senator MOORE—We have some questions about the Primary Health Care Access Program, on the COAG trial and on petrol sniffing—just so you know where we are going. Before I start, I apologise for murdering various Indigenous names as I go through this, because I have no idea on some of the pronunciations and none of them are in Queensland. We will start with the Primary Health Care Access Program. Can you tell us what the budget allocations for PHCAP have been for the last three years in this area?

Mr Thomann—For 2002-03 it was $29.1 million; for 2003-04, $47.7 million; and for 2004-05, $57.8 million.

Senator MOORE—What has been the expenditure over that period? Have you gone through all your money?

Mr Thomann—Those funds have been fully committed.

Senator MOORE—And this year's budgeted allocation for 2005-06?

Mr Thomann—In the budget, including the new budget initiative, it comes to a total of $66.6 million.

Senator MOORE—How much is the new budget item? There was one major one.

Mr Thomann—In the 2005-06 budget we have new funds of $6.3 million.

Senator MOORE—I know that it is not the end of the year yet, but is there an expectation of carrying funds over from 2004-05 to 2005-06?

Mr Thomann—We have an expectation of full commitment, but we are carrying over some funds in relation to capital projects, where we have contractual commitment but expenditure will not occur until 2005-06.

Senator MOORE—But you have gone through the internal process to keep those funds and carry them over.

Mr Thomann—That is right, and that will come through in the additional estimates process.

Senator MOORE—Have you identified any particular delays in your projects roll-out?

Mr Thomann—You mean in the capital program?

Senator MOORE—Yes.

Mr Thomann—Yes.

Senator MOORE—Any of the programs, but particularly the capital one. We have been advised before that there have been some delays.

Mr Thomann—Certainly the rephasing reflects a delay in the scheduling of milestones for a number of projects.

Senator MOORE—Any particular reasons for that delay?

Mr Thomann—There are a number of reasons. There are a number of milestones between an organisation signing a contract and the completion stage. There are delays in terms of consultation and design. There are delays in the construction phase, especially in rural and remote areas—you can imagine. There are delays in sourcing work force and materials. Sometimes there are delays due to the need to apply additional funds. The funds originally approved were found to be inadequate to the task, given inflationary pressures, especially in remote and rural areas.

Senator MOORE—And the major delay is in the capital area? There are no significant delays in any other parts of the program?

Mr Thomann—Not that I am aware of.

Senator MOORE—Is there any particular difference between the way the roll-out is operating in your COAG trial areas and non-COAG trial areas?

Mr Thomann—No, there is no distinction made in the programs.

Senator MOORE—Can you tell me exactly how much of the funding is for capital works? Have you gone to that degree of definition?

Mr Thomann—In terms of capital, we have currently $108 million worth of capital works which is in current projects. That is $108 million yet to spend, if you like, over the next three years on projects which have not been completed and which are in various stages. A further $20.5 million has been allocated in 2004-05—

Senator MOORE—That is new money?

Mr Thomann—Yes, for new projects, and increased funding for 17 existing projects where the funding originally approved was found to be inadequate once we got past the design and scope phase of the project.

Senator MOORE—Senator Crossin had asked a question in the February estimates to do with the capital works. We asked for a list of the location of the 17 new clinics that had been redeveloped and their budget allocations. I do not have the number of the response, but I have it in front of me. It is a list of the 17 capital projects, what type they are, total project value, status and location—a very detailed format. Do you have that in front of you?

Mr Thomann—I have it in front of me, yes.

Senator MOORE—It begins with the ACT and then goes through into WA. It has a total of $23 million, 90 and 54. Is that correct?

Mr Thomann—That is correct.

Senator MOORE—Are the deadlines for completion of those 17 programs that you gave to us a few months ago being met?

Mr Thomann—I would have to take that on notice.

Senator MOORE—Are you aware of how the various health services and other organisations that have been funded have gone in meeting the appropriate staffing levels for the new services?

Mr Thomann—I would have to take that on notice as well. Are you talking about the particular organisations in this table?

Senator MOORE—Yes, that is my understanding.

Mr Thomann—In relation to new staffing that may be applied—

Senator MOORE—My understanding of the project is that it is setting up and enhancing the services, so there is capital works and there is also an expectation of trained people to be working in them. It would be a matter of whether they have met their staffing requirements under the project.

Mr Thomann—That assumption may be correct in some cases but in other cases we might have a redevelopment of a clinic, such as for the first one, Winnunga Nimmityjah, where there is already staffing in place and it is just a question of the physical facilities being inadequate. In other cases you might have a new clinic—where the existing clinic is palpably inadequate for the task but you already have the staff in place and it is a question of replacing the clinic.

Senator MOORE—Certainly I have a question about spending the funds for the capital aspect. With respect to the secondary question about staffing, if you already had the staff in place and they were just being moved to the new setup, they would have met the staffing requirements.

Mr Thomann—If that is the way you want it applied, yes, we can do that. I think I understand the question. I would have to take it on notice.

Senator MOORE—I would expect that. It would be in terms of understanding that there are appropriate staffing levels for the new services in order to make them operational.

Mr Thomann—Commensurate with the new building?

Senator MOORE—Absolutely, and then, regarding your expectation of the people who are monitoring the projects, whether they have that in place.

Mr Thomann—Yes, I understand.

Senator MOORE—I think they are all the questions that Senator Crossin had on primary health care, ATSIS. We now have some on the AP lands and your COAG trial. I know there have been questions asked on this in the past.

Mr Thomann—Can I clarify something about the capital? I am talking about the total capital program.

Senator MOORE—Yes, that is my understanding. If I have not understood Senator Crossin's intent, I am sure she will put further questions on notice to you. Is Health and Ageing still the lead agency for the South Australian COAG trial?

Ms Halton—Yes.

Senator MOORE—We have substantive questions that we are asking all the lead agencies. If we can get the answers quickly, that would be good. Ms Halton, you know that one of the aspects of this program is how often senior public sector people actually visit the area. Can you tell us how often you have been to see this particular COAG trial?

Ms Halton—Well—

Ms Larkins—I can. She has had three visits to the lands since the trial started. She has another two visits planned over the next two months, including one with the minister. She has had six visits to South Australia for formal meetings with people from the lands and numerous other informal meetings.

Ms Halton—What it is to have fantastic staff, Senator!

Senator MOORE—Ms Larkins, as these are admin questions, we might get you to send the responses in writing to us as well. I am sure you have most of this data together.

Ms Larkins—In writing as well? No problem.

Senator MOORE—Can you tell us what the administrative funding has been—what has been spent on your trial to date?

Ms Larkins—In terms of departmental funding, in 2004-05 we expect to spend $464,000.

Senator MOORE—Was that the allocation?

Ms Larkins—That is the allocation.

Senator MOORE—So you are on track to spend your allocation?

Ms Larkins—Yes.

Ms Halton—Nothing is more certain in this area than that we will spend this money, Senator.

Ms Larkins—That is administered money. There is departmental money as well.

Senator MOORE—What is the departmental money?

Ms Larkins—$174,000.

Senator MOORE—They are your internal costs?

Ms Larkins—Yes.

Senator MOORE—That is where Ms Halton's travel allocation comes from?

Ms Larkins—No, it does not include Ms Halton's travel or time.

Senator MOORE—It is a core element of the whole operation, and Dr Shergold is on record as talking about this being the focus. Where does the funding for the senior people's involvement in this trial come from? Is that in a separate allocation?

Ms Halton—No, we take it out of our time, basically.

Senator MOORE—In terms of building up the budget for your responsibilities as secretary, that is built in as a component?

Ms Halton—It is in the spare time I find, Senator.

Senator MOORE—In terms of your allocations, Ms Larkins, and the detailed records that you keep, can you give us expenditure by activity for the financial year for the trial?

Ms Larkins—Not for each financial year. I would have to get back to you. I can give you details of this financial year.

Senator MOORE—When did you take ownership of the trial?

Ms Larkins—It was announced in May 2003 but I do not know when funding—

Senator MOORE—That would actually kick off then in the 2003-04 financial year. Is that right? If it were announced in May 2003, the first year of funding would be 2003-04?

Ms Halton—To be fair, we were spending time on it before it was announced. I am unsure as to whether we went so far as to document precisely what we invested in it. I do not think there would have been administrative funding at that point. I will be corrected if I am wrong. Was there a small amount?

Ms Cass—In 2003-04 we committed $72,000 for a consultancy.

Ms Halton—From memory, at that point, in 2002-03, we had not invested money. There was time being invested in it—quite a bit of it.

Senator MOORE—You were in the preliminary stages of working towards it.

Ms Halton—Yes.

Senator MOORE—So the first year of clear funding allocation is 2003-04. Is it possible, Ms Larkins, when you give us a response, to get a detailed expenditure rate in 2003-04 and then 2004-05?

Ms Larkins—Yes.

Senator MOORE—The use of interpreters has caused some discussion. Have interpreters been used in your trial?

Ms Larkins—Yes, but we cannot break down expenditure on interpreters. But, yes, we have used interpreters where necessary.

Senator MOORE—I know it will be an admin reason, but can you tell me why you cannot break down the expenditure on interpreters?

Ms Larkins—It has never been allocated separately. I am not sure that we have kept—

Senator MOORE—Where does it live?

Ms Larkins—It would have been part of our departmental expenditure rather than our admin expenditure.

Senator MOORE—Are all interpreting services across the whole department in one box or is it in program areas?

Ms Larkins—It would relate to a particular visit or a particular set of negotiations. We do not have a broader arrangement. We have used interpreter services as need be.

Senator MOORE—How many languages are there in this trial area?

Ms Halton—One. Often the people there do speak multiple languages, but in terms of the principal language—

Senator MOORE—So in terms of the principal community language, you are not in the situation of the Northern Territory.

Ms Halton—No.

Senator MOORE—But you do have a need for interpreter services?

Ms Halton—Yes, particularly the staff in our Adelaide office, when they are out doing community consultations. If you want to do those things properly, particularly in some of these remote communities, not only is it good practice but it is also polite to have interpreting services available, so we have made a point of doing that. Some of the big public meetings are conducted in two languages, with interpretation.

Senator MOORE—Is that the protocol in these trials?

Ms Halton—I do not know that we have even had a discussion about that at our secretaries' meeting. It would be my practice, given my experience over the years. I could be corrected, but I do not know that we have consciously debated it. I would have just imagined that all the colleagues—

Senator MOORE—I would share that expectation, Ms Halton, but I am not convinced, particularly with the sensitivities of these trials. It would seem to be a good thing to have a protocol for. But for your department it is something that is just a matter of course.

Ms Halton—Absolutely.

Senator MOORE—When we put a question on notice at the last round of estimates to the Office of Indigenous Policy Coordination, OIPC, we found that they had had three consultants engaged to undertake pilot projects in different regions focusing on communication methods and materials for communicating with Indigenous communities. Has that form of trial been part of your trial area, in terms of that expectation of looking at communication methods?

Ms Halton—No. Obviously we are pretty closely connected with OIPC and what is going on there, but that is a formal process. The staff I have, particularly in the Adelaide office, who are visiting the lands a lot as part of this process and who are very experienced, were very conscious of issues around the style and method of communication, materials and all those issues of accessibility. But to say that we have been part of their formal process would not be accurate.

Senator MOORE—My understanding of the OIPC process was that it was a particular project that they were doing.

Ms Halton—That is right.

Senator MOORE—And that they were going to involve COAG sites. But they have not involved yours?

Ms Halton—Not that I am aware of, put it that way.

Senator MOORE—Have there been any consultancies that you have taken as part of this COAG activity?

Ms Larkins—Yes. We spent $70,000 on a consultancy. I am not sure if it was in 2004-05 or 2003-04, but I will get back to you. It was a consultancy looking at the feasibility of rural transaction centres.

Ms Cass—It was in 2003-04.

Senator MOORE—Thanks. Was that an external consultancy that you used?

Ms Cass—Yes.

Senator MOORE—And it cost $70,000?

Ms Cass—Yes.

Senator MOORE—Have you used any others during the two years?

Ms Larkins—Not to my knowledge.

Ms Cass—In 2004-05—

Senator MOORE—Your knowledge has just improved!

Ms Cass—we engaged a consultant to work on the roll-out of projects for the AP lands. They were based in our Adelaide team.

Senator MOORE—So this is someone external and extra to your allocated staff who is looking particularly at the implementation process—is that right?

Ms Cass—Yes, and they have expertise in relation to the rural transaction centres project, in particular.

Senator MOORE—What was the expected budget for that?

Ms Cass—It is about $100,000.

Senator MOORE—And that is in the second year, 2004-05?

Ms Cass—That is right.

Senator MOORE—Is it the expectation that that will continue into 2005-06?

Ms Cass—It will continue until June 2006—that is our expectation.

Senator MOORE—Sometimes I think I need to have a big calendar up so that I can keep doing this. Is the full cost of the consultancy $100,000 or is the first bit expected to be $100,000?

Ms Cass—It is $100,000 in each year, so it will be $200,000 all up.

Senator MOORE—Can we get the names of those two consultants? That information is public, is it not?

Ms Cass—Yes.

Senator MOORE—Ms Larkins, it might be useful if we had a talk about getting all this information. Is that okay with you?

Ms Larkins—Yes, of course.

Senator MOORE—I just think it is easier than going backwards and forwards.

Ms Larkins—No, that is not a problem.

Senator MOORE—So if the consultancy question could go into your response as well, that would be good.

Ms Larkins—Sure.

Senator MOORE—On your web site—and I am proud to say that I have looked at it—three staff are identified under the COAG trial web site as contacts within Health and Ageing. Are all these staff located in the area, at Port Augusta? You have mentioned your state office a few times and I was wondering whether they were state office staff.

Ms Larkins—No. They work in the state office, but they spend a fair proportion of their time—

Senator MOORE—So they are allocated to your state office in Adelaide but their work expectations take them to the trial site?

Ms Cass—Absolutely.

Ms Larkins—Just to be clear, two of those people are staff and one is a consultant.

Senator MOORE—Is that 'that consultant' or is that another consultant?

Ms Larkins—It is that consultant.

Senator MOORE—So it is the person we were discussing?

Ms Larkins—Yes.

Senator MOORE—Are they the only staff specifically employed in supporting the COAG trial?

Ms Larkins—They are the only staff in South Australia who are working in a local area. We also have staff in central office, and the secretary, I and Ms Cass spend time on the trial.

Senator MOORE—Do other areas of Health and Ageing get involved in the trial as well? I am just thinking about the way normal operations operate.

Ms Cass—Yes, as necessary, they do.

Senator MOORE—As necessary, but depending on what your departmental costs were in terms of personnel, there would be the two full-time staff in the Adelaide state office, the consultant and the senior staff that you have identified who have immediate responsibilities and then there would be other staff as required. Would that sum it up?

Ms Larkins—Yes.

Senator MOORE—And all within the departmental part of the expenditure that you identified earlier?

Ms Larkins—Yes.

Ms Halton—I think we acknowledged that it did actually take account of—

Senator MOORE—That departmental expenditure is underestimated on that.

Ms Halton—Yes, so it does not include the proportion of our time, the overhead—

Senator MOORE—No, but you are actually counted within your own responsibilities.

Ms Halton—Precisely.

Senator MOORE—My next question is not to do with COAG; it is just something that came into my mind earlier. I will ask the question now while we are talking about staffing. Do you now have people from Health and Ageing in all the ICCs around the country?

Ms Larkins—No, we have four at the moment. We are working towards having 12 by the end of this year.

Senator MOORE—Does that include the Port Augusta one? Do you count that?

Ms Larkins—We do not have one in Port Augusta at the moment.

Senator MOORE—Your two staff going backwards and forwards do not have that role—they have not taken that on?

Ms Larkins—No, they are specifically working on COAG.

Senator MOORE—So you have got staff in all the ICCs across the country—and they are, by and large, ex-ATSIC officers, are they not?

Ms Larkins—Yes.

Senator MOORE—So far you have four full-time?

Ms Larkins—We have four full-time. We are working quite closely with the ICCs, however, from our state offices at the moment, as we move to progressively recruit people with the appropriate skills to provide the solution broker role in ICCs.

Senator MOORE—What kind of level are you looking at for the Health and Ageing person in the regional office?

Ms Larkins—APS6 to EL1.

Senator MOORE—That senior middle management type role?

Ms Larkins—Yes.

Ms Halton—One of the issues for us here—exactly as Ms Larkins has said—is that we actually think working with the ICCs is very important. Health is such a critical issue that we need to make sure that health matters are front and centre in the discussions about the new ways of working. In terms of the staffing resources that were distributed previously and our experience with the classification level of the staff who were previously available, those people probably came with a different skill set to the skills that we think are necessary to do this kind of work. What we are working on is a sort of hub-and-spoke arrangement. I do not know that it is ever going to be the case with our resource allocation that we will have somebody in each of these offices, but we have a very clear commitment that we are, through our various networks—our state office network and, for that matter, central office—going to be very intimately related with what the ICCs are doing. There is a really good example on the COAG trial. The Port Augusta manager comes to all our meetings and is an integral part of the discussions we are having in relation to our trial site.

Senator MOORE—The ICC manager?

Ms Halton—Yes. Our state office managers have taken a very deliberate role in working individually with each of the ICC managers, making sure that our program staff—even if their

principal business may not be Indigenous services—actually understand what the ICCs are doing and what their relationship needs to be.

Senator MOORE—In terms of the general commitment to the whole-of-government understanding?

Ms Halton—Yes, that is right. One of the things that we like to say in the department—I used to say this in respect of Ms Evans, and Ms Larkins now gets to be substituted—is that Indigenous affairs and business are not just Helen Evans's job; they are everyone's job. The reality is that our aged care programs and our Medicare programs all need to be working better in respect of delivery to Indigenous peoples. That therefore means that the relationship between our regionally based staff and ICCs is not just the province of Aboriginal health—

Senator MOORE—Of the identified unit.

Ms Halton—That is right.

Senator MOORE—So the expectation of the key coordinating staff members that you have identified as working in this area—and also the expectation at the ICC level—is that they will have knowledge of health and ageing?

Ms Larkins—Yes.

Senator MOORE—There tends to be an automatic presumption that it is health.

Ms Halton—But ageing is incredibly important.

Senator MOORE—I think sometimes people forget the 'and Ageing' bit.

Ms Halton—Absolutely. If you look at the services that we as a department deliver on the ground, you see that we have a very substantial presence in relation to ageing. In fact one of the things on our COAG trial site—which I confess to having felt a small personal delight in when I first went there visiting—was the multipurpose service, which I, when I was FAS in aged care, actually approved. That delivery to people, particularly in remote communities, of community aged care packages—appropriate community based care plus small residential options—is incredibly important to communities. We have longstanding relationships, on the aged care side of the portfolio, with Indigenous communities.

Senator MOORE—The COAG trial web site indicates that the original SRA for this trial is currently under review, with the potential to endorse a regional partnership agreement—the new model—under the new steering committee, which was formed in February 2005. I am not going to pretend to pronounce the name of that forum.

Ms Halton—TKP.

Senator MOORE—TKP. Does the new steering committee include all of those groups that were identified as community partners on the web site—the land council, the media corporation, the education committee, and the arts and the health councils?

Ms Halton—Yes.

Senator MOORE—All those organisations have reps on the steering committee?

Ms Halton—Yes.

Senator MOORE—Does anyone else? They were the key ones as community partners—are there other people on it?

Ms Halton—None for health.

Ms Cass—There are seven organisations on TKP.

Senator MOORE—Is information on the web site about who those seven are?

Ms Cass—I can check for you.

Ms Halton—We can check, and, if they are not, they shall be.

Senator MOORE—So there are seven members of the formal steering committee?

Ms Cass—From the AP lands?

Senator MOORE—Yes.

Ms Larkins—Seven community organisations.

Senator MOORE—They are part of the new steering committee?

Ms Halton—Yes.

Senator MOORE—Can you give us an update on the progress towards the new regional partnership agreement? How is that going?

Ms Larkins—TKP are meeting at the end of July in Alice Springs. Key to that meeting is the discussion of the RPA, which has been drafted.

Senator MOORE—So you have a draft?

Ms Larkins—Yes.

Senator MOORE—What will be the intent of that meeting in July?

Ms Halton—To discuss the draft.

Senator MOORE—In the draft, are there special milestones that you have already worked out about how the transition of the old arrangement to the new RPA situation is going to operate? Have you determined milestones for when you are going to do it—what you hope to achieve by what time?

Ms Larkins—When we are going to transition to the RPA?

Senator MOORE—Yes.

Ms Halton—It is a little bit tricky in this context to say 'milestone', because we all understand that there is a self-regulated approach to the timetable which is at least principally determined by the community. So we have not ourselves put a timetable on this other than to say we want to do it at a pace which is sensitive to the community's needs but is also sensitive to our needs to actually get something on the ground. I would hope that, following that July meeting, we can probably move relatively quickly to finalise something. But really, until we have the July meeting, I will not have a good grasp of what the landscape looks like.

Senator MOORE—This calendar year?

Ms Halton—I should hope so, absolutely.

Senator MOORE—I am thinking in terms of that degree of—

Ms Halton—What I cannot say to you is whether it is going to be six weeks or three months.

Ms Larkins—I should also say there is one SRA signed already on the lands and it is not preventing activity on two major projects from taking place. So we are not waiting for the signing of the partnership agreement to take action.

Senator MOORE—So the existing SRA—and there is just one in the area—is still operating as normal?

Ms Larkins—Yes.

Ms Halton—But I think the point Ms Larkins is making is that, because the politics on the lands have been fairly pronounced, we have had a focus on delivery. Whilst some of these political discussions have been proceeding, we have been quite concerned to not hold off working on some of the key issues in terms of service delivery for people on the lands while some of the political issues were resolved. If you wait for all the political issues to be resolved, it could be a long time. I hope not, but it could be.

Senator MOORE—How many regional councils were there in this area under the old ATSIC regional councils system?

Ms Halton—It was one regional council.

Senator MOORE—So you are not balancing across councils?

Ms Halton—I suppose the point here is that there are individual community councils and managing your way around some of the dynamics has been a little tricky. I think we have given this in evidence before: when we first went and talked about the trial, people were concerned that it would not just be more talking, which I think is a perfectly fair concern. So we said: 'All right. We will have the talking about the politics and the process, but what are the practical things that you think we should work on now as a demonstration of good faith? What can we actually get on to delivering that will make a material difference to people? Where would you like us to focus?' They gave us two priorities, one of which was the regional transaction centres approach, which is pretty ambitious. We reckon we are not doing too badly on that. Then there was the stores policy—again, a pretty ambitious agenda in terms of the impact it will have on health but also employment, education and a series of other things. While the other matters have been swirling, we have been continuing to work on those particular projects. I am pleased we have had a great level of support from some of our colleagues elsewhere in the bureaucracy. Transport has been good, as has Communications. We have had good levels of support. More recently we have been working closely with OIPC as well. So this focus on what you can do on the ground has been one of the guiding principles for us.

Senator MOORE—And the COAG model of getting people to combine their activities.

Ms Halton—Absolutely.

Senator MOORE—Both those projects that were identified were longstanding issues.

Ms Halton—Yes.

Senator MOORE—The community had been working with them and worried by them for a long time, so there is almost a challenge to see whether this will work, in a sense. You talked about the political issues. One of the political aspects is that the AP lands are part of a larger country with which people identify. Has there been any consideration of expanding the area covered by your trial to include what some people see, in self-identification, as the region?

Ms Halton—In terms of the actual trial site, the technical answer is no.

Senator MOORE—But you are aware of that issue?

Ms Halton—Absolutely. So, for example, when we discuss issues around petrol sniffing and particularly some of the issues around justice—which are issues that span that tristate area—there is very much an engagement with us and a great willingness on the part of the communities to have that broader level of discussion as well. So there is work going on between the Northern Territory, WA and South Australia on how you could actually streamline justice and the delivery of everything from policing services to court and magistracy services to actually mean that people's lives are more manageable. We are very conscious of the issues in relation to service delivery. The truth of the matter is that, if you need to detox somebody—and even though Pit lands are in South Australia—they are likely to end up in Alice Springs. By definition the location of that particular site and the cultural family connections that run across all those borders require you to think more broadly.

Senator MOORE—On the web site, PY Media gets a boost. Do they have a particular role in the whole process? They are on the steering committee.

Ms Halton—PY Media have two roles, if I can describe it that way. The first role is their role in delivering the RTCs—they have a major technical role in rolling out the technology. They also have a role as a facilitator for the trial. One of the things we make a great point of doing when we are out there is talking to PY Media, and they broadcast what the trial is doing. I have been into the station and done interviews while I was there. When we had our last meeting in Alice Springs, we did a phone hook-up to the station. People from the various community organisations, the South Australian government and I did an interview that was broadcast. So PY Media have taken the role of a stakeholder and a disseminator of information.

Senator MOORE—So the previous question about the consultant from OIPC and communication strategies would be one of the things you would be able to feed in.

Ms Halton—Yes, in due course.

Senator MOORE—That worked in the area.

Ms Halton—I have to tell you that PY Media are a really excellent outfit. They do a great job. If you think about the physical logistics of the land, which is very harsh in climate and has a very scattered population, the use of technology and making people aware of what is going on is really impressive.

Senator MOORE—Ms Larkin, you referred to the SRA that has already been negotiated. Is that to do with the provision of mechanical services within the community?

Ms Larkin—That is right.

Senator MOORE—Was that SRA part of the COAG trial or a separate initiative of the ICC in Port Augusta?

Ms Larkin—It was driven by the ICC in Port Augusta.

Senator MOORE—It is under the evaluation process for the ICC but it just happens to be in the area where you have a trial going on—is that how you define it?

Ms Larkin—I think it was integrated with the trial. It was discussed with our staff in the South Australian office who have been working on the trial. To say it was a separate initiative would be incorrect. They have been working in a partnership on that SRA.

Senator MOORE—When we got the information about how the COAG trials would work, the secretaries' group said that the lead secretaries in the COAG trial sites would continue to sign the SRA agreements. Is that what happened with that one?

Ms Halton—I think the point about the secretaries' engagement in SRAs is to ensure that there are not blockages or delays. I think that sometimes, for more junior staff, it can be quite hard to enable. They have rules, they have regulations and they have program guidelines, and sometimes there is not the authority for people to say, 'No, we are actually going to do it this way in respect of this particular program.' So the secretaries have said, 'If you have those issues, you need to basically bring it to us and very quickly so that we can remove those blockages.' I think it is important that, if we have any of those kinds of difficulties, I will genuinely personally engage myself.

With this particular one we have not had any issues. It has gone very smoothly and we are all quite happy with it. But certainly my role is to make sure that we do not unnecessarily tangle any of these SRAs in unnecessary bureaucracy. Clearly there has to be a level of bureaucracy, because moneys have to be accountable. The reality is that I, the secretary, have to account for the moneys that parliament appropriates to me, in terms of what I do with them. But we all know that sometimes people cling to program guidelines a bit like a life raft and sometimes you have to be given the authority to change that slightly.

Senator MOORE—Did you actually sign off on the SRA?

Ms Halton—No, not necessarily. If there is an issue of that sort, yes.

Senator MOORE—I thought that the SRA was already—

Ms Halton—The broad one—yes, absolutely.

Senator MOORE—There are negotiations to develop the APY lands one, which I think is where you were.

Ms Halton—Yes.

Senator MOORE—You may or may not be the signatory to that one.

Ms Halton—I think definitely.

Senator MOORE—That is your expectation?

Ms Halton—That is my expectation, yes.

Senator MOORE—We have had ongoing questioning about this, as it has been going through the re-establishment. When Dr Boxall was answering questions the other day, he

indicated that he thought that the OIPC is gradually taking over the administration of all COAG trials as part of the implementation of the new Indigenous service delivery arrangements. Is that your understanding of how the trials are going to progress: that the OIPC will take on more direct ownership?

Ms Halton—I have said in our secretaries' forums that my view—and I think a number, perhaps not all, of my colleagues agree—is that there is a real advantage in continuing the secretaries' engagement in the trial sites. There is nothing that grounds you quite like having to confront the issues in a particular community to understand what some of the impediments can be in terms of rolling out these arrangements, and the issues that confront the programs and the people who are trying to deliver them. Whilst there had been a proposal that these sites become part of the broader suite of things that were being done, my understanding is that a number of my colleagues and I said, 'No, we actually wish to keep our trial sites going.' Certainly from a personal perspective, the Pit lands are a bit of a challenge, and I am a bit loath to give up on the challenge before we have achieved some of the things I want done. As a department, we have maintained our commitment and that is our intention. But obviously OIPC are partners in this.

Senator MOORE—So you are not aware of any particular plan for that to be the OIPC takeover?

Ms Halton—No, I am not—to the contrary. As I said, at the last secretaries' meeting we quite consciously agreed that we would keep going, if that was our desire.

Senator MOORE—And that would not be your preference in terms of how it operates?

Ms Halton—No.

Senator MOORE—There is a question here about what lessons you have learned from the COAG to date, but that could take some time and I note that the chair's feet are getting a bit itchy. You can feel the vibrations around here!

Ms Halton—I can feel them too!

Senator MOORE—I do want to ask a couple of questions about petrol sniffing before we finish, Chair, and I might need some time. Ms Halton, I know that you have talked in general about the lessons that you have learned—and I am sure Ms Larkins may detail the key areas when she gives us the written information. Is the formal way you are feeding back that information since the changes to Indigenous policies through the secretaries' group? Is that how that knowledge is being shared?

Ms Halton—I think the really important thing about having the secretaries convene monthly is that it is a genuine opportunity to discuss these matters. Mostly when secretaries come together it is a very rapid thing and we discuss the budget process or whatever. This actually enables people to sit back and reflect on the whole of government. When I am dealing with issues in relation to the Pit lands, I am not just focusing on health; I am focusing on these communication issues. I am actually worried about what is going on in education and employment, the opportunities, economic development et cetera. So it actually gives us a forum—a shared agenda, if you like—where I do not intrude on someone else's business but

where we can have a genuine dialogue about how, as a whole of government, we can improve things.

Senator MOORE—On the wider issue of Indigenous affairs?

Ms Halton—Precisely. Each of those pilots is different, so I think the lessons we take from them are going to be different. But the principle—which is: how do you actually make government more flexible and responsive; how do you enable communities to put in place arrangements for greater levels of participation?—is something that we can all discuss.

Ms Larkins—We have not had any formal evaluation.

Ms Halton—No, we have not.

Ms Larkins—The secretary is talking about lessons to date. We have a formal evaluation due by the end of this calendar year.

Senator MOORE—We have all been waiting for the formal evaluation. We have to ask a few questions of a few agencies about one, but it would just be to date and you have already enunciated in previous answers the kinds of issues that have come out. So it would only be that kind of evolving learning that you have.

In particular, I want to get a few questions on record on petrol sniffing, because it is a longstanding issue in this area. The 2005-06 budget commits an extra $9.6 million over four years to help reduce the incidence of petrol sniffing in Indigenous communities. Can you clarify the nature of this commitment? We had discussions earlier about lapsing funding at the end of the year or a set four-year plan. Is it your understanding that the program funding will be lapsing at the end of 2008-09 and then subject to review and possible re-funding, or that it is a timed program?

Ms Larkins—No, it will be lapsing.

Senator MOORE—Is the funding additional to existing funding for the Comgas Scheme?

Ms Larkins—Yes, and it will allow us to expand to 60 communities—an expansion of 23 remote communities to 60 in total.

Senator MOORE—Your current funding under the old scheme is about $1 million a year. Is that right?

Ms Savage—That is right.

Senator MOORE—So the $9.6 million goes on top of the existing $1 million. That particular funding is in the line item 'Health services for Aboriginal and Torres Strait Islander communities' in the Indigenous Affairs budget fact sheet. I have not seen this fact sheet. It is one thing I do not have.

Mr Thomann—I have the fact sheet here.

Senator MOORE—My understanding is that the funding that we have identified that is peculiar to this program is in the Indigenous Affairs budget fact sheet under the heading 'Health services in Aboriginal and Torres Strait Islander communities'. Is that right?

Ms Savage—I think it has got a separate—

Mr Thomann—It is 'Combating Petrol Sniffing'.

Ms Savage—Yes, that is right. It is under 'Combating Petrol Sniffing'.

Senator MOORE—Yes. So it is clearly identified in there.

Ms Larkins—It is separately identified.

Senator MOORE—Is the existing funding of $1 million that is going through lapsing or termed?

Ms Savage—No. That is part of our base funding for the program, so that continues.

Senator MOORE—So there is an expectation in your planning for the future that that base funding will continue.

Ms Savage—That is right.

Senator MOORE—The health portfolio fact sheet 'Helping Aboriginal and Torres Strait Islander people to better health', which I have seen, indicates that there are essentially three activities to be funded from the new funding: (1) providing non-sniffable fuel to a further 23 communities; (2) replacing avgas with Opal in the 37 communities which currently have avgas; and (3) trialling specific approaches to reduce petrol sniffing in the two sites chosen by the Council of Australian Governments. Is that the full extent?

Ms Savage—That is correct.

Senator MOORE—How much of the additional funding is allocated to each of these elements? Have you put notional allocations against each of those three action items with your bulk funding?

Ms Savage—I certainly do not have that with me at the moment, but we can provide that to you with regard to the elements.

Senator MOORE—It would be useful to see at this stage, subject to flexibility, that you have at least done some forward planning across that.

Budget Paper No. 2 indicates that the funding will bring the number of communities involved in the Comgas Scheme to 60 by the end of the fourth year. Can you provide a breakdown of how many extra communities you expect to be added in each year? I would imagine that is a roll-out. Have you got plans about how many you want to add each year?

Ms Savage—Yes, we do. We certainly want to add at least five in the 2005-06 year and be rolling through to 60 into the fourth year.

Senator MOORE—With the bulk being in the second and third years, obviously.

Ms Savage—Yes.

Senator MOORE—There has been a lot of commentary recently in the community and in the media—which is good—about the use of Opal particularly around the Alice Springs area, where I know that has been taken up. In an interview on the Northern Territory *Stateline* in May the responsible minister, Marion Scrymgour, said that she had stressed to Minister Vanstone and staff that it is essential to look at urban centres as well as regional communities when you are looking at these particular programs. Have the health department or the minister received similar representations about that focus on urban communities as well as regional on this issue?

Ms Larkins—Yes.

Senator MOORE—A big question with a short answer. Have they been formal concerns expressed to you, or just at the various consultative programs?

Ms Larkins—I am not sure.

Senator MOORE—But it is an issue that has been raised.

Ms Larkins—It is an issue that has been raised with us.

Ms Halton—I have not seen any correspondence but I can certainly assure you that the last time I was in Alice Springs, and on other occasions, a good number of people raised it. We are very conscious of the issue.

Senator MOORE—One of the councils—and I should know how to say the name because I have been there—

Ms Larkins—Is it Tangentyere?

Senator MOORE—That is the one. They said it would cost about $8 million a year to roll out Opal across Central Australia. I know that that figure has received a lot of media commentary as well. Their argument, naturally, is that that is an expenditure that will lead to community savings because of the process. Have the department and your research areas done any cost-benefit analysis that would look at those potential savings in terms of rolling out the program and what that would then bring back in savings to community activities and the wider part of Australia?

Ms Larkins—We are, in response to these concerns, just starting to have a look at the whole issue of regional roll-out. The two points are that it is out of the scope of the money that we were allocated in the budget—we certainly cannot do it within the current allocation.

Senator MOORE—That would need a special budget allocation for research of some kind?

Ms Larkins—Yes. And there are other issues around a regional roll-out that we are in the process of examining through our internal policy processes. But we have just started looking at this issue.

Ms Halton—I would not underestimate the complexity of the task.

Senator MOORE—Has there been any analysis done on the economic benefit to communities of replacing avgas with Opal, given that Opal is far less damaging to vehicles and will therefore provide both savings to the community in terms of the lives of their vehicles and greater income because tourists are more likely to purchase it?

Ms Halton—The short answer is not yet.

Senator MOORE—But are they issues that you have heard about?

Ms Halton—That has been raised with me as well. A good number of people have raised this issue directly with me and, I think, in an analysis of this, those are the kinds of things we need to think through. How much we can do in terms of costing every element of this is a bit of a challenge, but I do think those are some of the factors that people are going to have to consider.

Senator MOORE—These could be put into the consideration element.

Ms Larkins—I think it is also important that the substitution of fuel is not the only response. It will not be sufficient. It is an important part, but it is not—

Senator MOORE—It is an element rather than an end in itself.

Ms Larkins—Yes.

Ms Halton—It is not a magic bullet, and I do think that is one thing that people have to remind themselves of. This, in and of itself, will not solve the problem. It may well be part of a package of things.

Senator MOORE—There is a separately identified line item in the Health and Ageing table that is called 'Petrol sniffing diversion project'. The estimated funding is nearly $382,000 in 2004-05 and almost $317,000 in 2005-06. What is that project about?

Ms Savage—We will have to get you information on that. Another area of the department actually manages that particular program, but we can provide you that information.

Senator MOORE—Which element does that in terms of cross-agency—

Ms Halton—That is actually in program 1. You will recall a fairly longstanding program that we put in place for the diversion of offenders in respect of illicit drugs—because I know certain people were involved in that process. A couple of state and/or territory governments have approached us in relation to diversion around licit substances and I am pretty confident that we have reached an agreement on diversion in respect of petrol sniffing. The officer who could quite explicitly answer that question is not with us, but that would, I suspect, be what that is. We can come back on notice and give you some detail.

Senator MOORE—Because I put that in the wrong program, we will put them on notice. They can go to the appropriate person rather than waste time.

Ms Halton—That is fine.

Senator MOORE—This is my last question, Chair, under this particular item. Have the two sites for trialling specific approaches to reduce petrol sniffing been selected by COAG yet?

Ms Savage—No, they have not as yet.

Senator MOORE—When do you expect that to happen? Have you been given any indication?

Ms Savage—Certainly we would hope that in the early stages of 2005-06 those determinations would be made.

Senator MOORE—We understand that COAG is meeting on 3 June. In terms of kicking it off, is there a hope that that would be when this would be done?

Ms Halton—We are not privy to the COAG black box.

Senator MOORE—Can you provide more detail about the specific approaches to be trialled?

Ms Halton—No, I think we need to wait till COAG has had that dialogue.

Senator MOORE—Okay. Are there projects being coordinated with other elements of the funding and the state-territory programs?

Ms Savage—Certainly, in addition to communities that access the Comgas Scheme, that would vary from community to community. But the desire is obviously to have other, complementary activities happening at that community level, so often it is a range of funding that is actually going into that community to provide an overall approach to addressing petrol sniffing.

Senator MOORE—Is there any expectation that the programs will be dependent on a matching commitment under the current model of matching state-territory funding?

Ms Savage—No, not at this stage.

Senator MOORE—At this stage can you tell us what the process is for feeding the lessons learnt from the two trials into future policy development and implementation?

Ms Savage—I think that is a broader issue.

Ms Larkins—A broader issue about the COAG trials?

Ms Savage—Yes, I think so.

Ms Larkins—The evaluation would be taken up in the context of the COAG trials.

Senator MOORE—Right. It would be in terms of the process of how that interchange of information happens, which is the key element, and what plans you have for how that will work.

Ms Larkins—Certainly, on this issue, as on all other issues, we are looking for all sources of information and we continue to look for sources of information that help us in the program development process.

Senator MOORE—Thank you very much. I do apologise for keeping you waiting.

CHAIR—Thank you, Senator, and thank you very much to the officers. We will move on to private health after a short break.

Proceedings suspended from 4.50 pm to 5.00 pm

Private Health Insurance Ombudsman

CHAIR—We are now on outcome 8, Private health.

Senator FORSHAW—Can you give us some background on how *The state of the health funds report* has come about? I understand the first one has been completed—is that correct?

Mr Powlay—That is correct. The background to *The state of the health funds report* is that in about 2001 the Health Legislation Amendment (Private Health Insurance Reform) Bill was introduced. That put into place some of the changes coming from a review of private health insurance arrangements that the government had done. The bill included a number of changes, including freeing up some of the regulation about health fund benefit changes and changing some of the approval processes. As part of that bill, there were changes to the ombudsman's powers, and a requirement for the ombudsman to produce a report entitled *The state of the health funds report*, which was indicated to be a report on the comparative performance of health funds, focusing particularly on service delivery.

Senator FORSHAW—Thank you for that. I apologise for asking you to repeat what is probably on the record, but it helps with the lead-in to the questions. Just quickly, what were those changes in the ombudsman's powers that were involved?

Mr Powlay—The changes in the ombudsman's powers were to insert into the legislation more specific requirements on health funds, hospitals and doctors to respond to the ombudsman's request for information and to provide documentation on request from the ombudsman. It provided more specific powers in that regard as well as some sanctions on people who did not comply with the ombudsman's request.

Senator FORSHAW—I am going to take you to a couple of specific areas of *The state of the health funds report*. I notice that you have a foreword to the report, of course, but, just as a general impression, what does the report reveal about the state of the funds?

Mr Powlay—The report probably reveals quite a lot about the state of the health funds, although, having said that, I should add that the report draws mainly on information that is available in the public domain but has not been brought together in this way previously. The aim of the report is to provide information which may be useful for consumers or other people wishing to compare the performance of health funds. It covers areas such as: service delivery; telephone; internet services; service performance, in terms of complaint levels; and how the funds compare in terms of retaining members and growing their membership. It provides information on the finances of the funds and also provides information about aspects of both extras cover and hospital cover provided by the health funds.

Senator FORSHAW—When preparing your report, what was the procedure that you used? The funds produce their own annual reports, I take it?

Mr Powlay—They do, yes.

Senator FORSHAW—So do you rely heavily on those, or did you take an approach where you wanted to rely more on using your own officers' resources to report—rather than report what they are reporting, if you know what I mean?

Mr Powlay—We did not rely to any great extent on the funds' own annual reports. The main sources of information for the report were data produced by the Private Health Insurance Administration Council, which reports on aspects of membership and the finances of health funds, amounts paid in terms of benefits et cetera.

Senator FORSHAW—Which council was that?

Mr Powlay—The Private Health Insurance Administration Council.

Senator FORSHAW—The PHIAC; I thought that was what you said.

Mr Powlay—The second key source of information was from the funds themselves. We developed a number of survey questions to obtain data from the funds about aspects we felt we needed to report on and compare. We collected data from the funds and we did some crosschecking of that data with the funds' own documentation or, in some cases, with information that was available on the funds' web sites. The other key source of data was of course our own database of complaints about private health insurance.

Senator FORSHAW—I want to come to complaints very shortly, but did you also endeavour to ascertain views of or collect information from—whatever: surveys et cetera—members of funds or consumers, if I can call them that, separate from your own officers' database on complaints?

Mr Powlay—No, I did not, not for the initial report.

Senator FORSHAW—Would that be something you would be looking at doing?

Mr Powlay—It is certainly something I would like to look at for future reports, yes.

Senator FORSHAW—That leads me to look at the section of your report headed 'Key Consumer Concerns, Issues & Developments'. This is where you deal with the issue particularly of the rising cost of private health insurance premiums. I note at page 5 of the report you state that there was a decline in the number of complaints about premium rises last year. You go on to explain your views. You say:

This seems to have been due, in part, to improved administration of the premium rise process and some improvement in the way funds have communicated the increases. The level of increases also appeared to be more in line with consumer expectations. Most contributors appear to be resigned to some annual increase in premiums and have probably come to expect rises of between 5 and 9 percent.

I assume that is essentially based upon your own database of information regarding complaints?

Mr Powlay—Yes, to some extent. That is my perception, having looked at the nature of complaints that we get about premium rises and at the declining level of complaints about the issue.

Senator FORSHAW—How do you classify your complaints about premium increases?

Mr Powlay—I do not have a system for subclassifying complaints that are about premium increases. My database simply lists that as an issue. We record that as the primary complaint issue. If the consumer complains about other issues as well, then we will report them as secondary issues. We do not have a subclassification for premium rise complaints, except that we do classify our complaints generally in terms of the action that we need to take to resolve the complaint. Most of the premium rise complaints are in a classification where resolving the matter simply requires some explanation by my office or the provision of some information. Some of the complaints may be at the point where it requires some more investigation and taking up with the fund. So we have that classification.

Senator FORSHAW—I assume that the bulk of complaints about a premium increase would come in within a period of time following the notices.

Mr Powlay—We expect them around March or April.

Senator FORSHAW—But if somebody rings up and says that they want to complain about the level of benefit they have received and also about premiums going up by 10 per cent or 15 per cent, how would you determine which category you would put it into? Is it a judgment that has to be made by whoever is handling the complaint at that time, or would it be tagged as a complaint about both refunds and premiums? My guess is that people who are going to complain about service from funds, in a lot of cases, may also feel that the issue of the premium increase is relevant.

Mr Powlay—Absolutely. What we do find is that, at the time of premium rises, people are more inclined to complain about other issues as well. The fact that they might be not content with the rebate that they got back from their fund is, to some extent, exacerbated by the fact that the fund put the premium up.

Senator FORSHAW—It may also, I assume, include changes to the schedule of benefits, which seems to be becoming a bit more prevalent.

Mr Powlay—In terms of the classification process, it is left to the individual staff member dealing with the complaint to identify what the issues are that the consumer is complaining about. Depending on the nature of the issues, they will also classify the complaint in terms of our own complaint category, based on whether we intend to handle it or whether we feel the complaint can be finalised based on just providing some information, or whether it is an issue that we need to investigate further with the fund.

Senator FORSHAW—If a person does contact the ombudsman's office and complains about a premium increase, what sort of advice or assistance would you offer, if that was their one issue? Do you offer them advice on affordability?

Mr Powlay—Yes, we do. If someone rings up with a complaint and simply says, 'I don't like how much my premiums have gone up by,' we will explain to the consumer that the ombudsman has no authority to vary the increase. One of the first things we assure people of is that their complaint will be registered and that we report on our complaints back to both the government and the health funds. We provide them with some advice on how health fund premium rises are approved and what the process is for submitting a health fund premium rise for scrutiny. In some cases we may check that that particular increase for that particular product is in line with what was approved and assure them of that. We provide them with advice on what they should do if they feel they really cannot afford that increased premium and what their options are—basically, to talk to their fund to see if there is another product that may meet their requirements that may have a cheaper premium and to look at what is available from other funds. We provide them with advice on their rights of portability. This year, with the release of *The state of the health funds report*, we have also provided them with a consumer summary of *The state of the health funds report*. This also includes some advice I have written on selecting a health insurance product.

CHAIR—I have not spoken to Mr Powlay about this, but a lot of these questions seem to be going to the process of the way in which the ombudsman's office works and how they go about advising people to inquire. I am sure, without having spoken to Mr Powlay, that he would be prepared to provide someone who would give you or whoever is interested a briefing as to how it works, because we are really going over questions that this committee has examined many times before.

Senator FORSHAW—There is a purpose to asking these questions, which I am getting to right now. There have been some statements made in *The state of the health funds report* that I want to explore. That is why I wanted to set that up. I understand your point; I have tried to truncate it.

CHAIR—But we have gone over the process issues so many times before, so can we go to the core of the issue—presuming that we all know the way in which the ombudsman works.

Senator FORSHAW—On page 5 of your report, you state:

Faced with rising benefit costs, funds have few options for containing prices. ... all of the factors leading to increasing costs are outside the funds' direct control.

Can you explain the basis for that statement that you made?

Mr Powlay—The main driver of increased premiums is the rising costs of paying benefits for the health fund. The costs of benefits rise for a number of reasons. Major ones are the increased utilisation of the services for which benefits are paid; and the increasing costs of those services, which may be due to other factors such as the salaries of health workers, medical indemnity costs et cetera. The point I am making is that those costs are driven by factors over which the health funds do not have much control.

Senator FORSHAW—You also state:

… it seems likely that the level of premium increases experienced over the last two years will continue.

Do you have a specific evidentiary basis for that or is it based upon an assessment that, because it has been going up each year and seems to be almost built into the system now, that is what is going to happen? What led you to make that conclusion in your report?

Mr Powlay—It was probably a mix of those two things. The factors that lead to increasing benefit costs have been rising at a fairly constant rate. I see no evidence that they are significantly declining and nothing on the horizon that I would envisage would lead to a significant decline that would make much difference in the rate of premium increases.

Senator FORSHAW—Have you received any complaints about health insurance or health credit type products which could be outside the scope of the National Health Act? I will take you to the one that I am particularly interested in. GE has a product called CareCredit. Are you aware of that product?

Mr Powlay—It will pay your health insurance premiums or something. Is that it?

Senator FORSHAW—I will quote from the brochure:

CareCredit provides flexible patient financing, specifically designed for healthcare expenses. CareCredit allows you to begin treatment now - then pay for it over time with monthly installments.

It says:

CareCredit has flexible finance for

- Dentistry (including Orthodontics)
- Vision Care ...
- Veterinary Care

It appears to me as if you can go in, in effect, just as you might at a furniture store, where you buy a piece of furniture and have a credit arrangement to pay it off, which may include an interest-free period. Are you aware of this or any similar arrangements?

Mr Powlay—I have seen something on it. I have had no complaints about that issue.

Senator FORSHAW—You have not had any complaints?

Mr Powlay—No.

Senator FORSHAW—Do you know whether that is consistent or inconsistent with the provisions of the National Health Act?

Ms Halton—We believe it is not covered by the scope of the act, based on what you have just said.

Senator FORSHAW—Does anything follow from that?

Ms Halton—It therefore follows that it would not be. It is not insurance.

Mr Davies—The understanding is that that is actually a consumer loan product; therefore, it is not a health insurance product. It is borrowing money to purchase a service and therefore is outside the scope of the act and outside the scope of the ombudsman.

Ms Halton—Yes.

Senator FORSHAW—What would happen if you received a complaint? I take it you would have to—

Ms Halton—It is outside the act.

Mr Powlay—I would need to consider and probably take advice on whether it was within the scope of my authority under the act.

Senator FORSHAW—It would affect the ability of a patient to make a claim on a health fund, wouldn't it?

Mr Powlay—I would not have thought so. I would not have thought it should.

Senator FORSHAW—I could envisage circumstances where it might, but I do not think we have the time to go on with that. That is what I am trying to ascertain.

Ms Halton—If he received such a complaint, he could refer it to us, and then we could look to see whether there were consumer or other issues that we would be able to deal with.

Mr Powlay—I would also say that, if it did affect the ability of a consumer to claim on their health insurance, I could certainly investigate the health insurance side of it and the decision of the fund in that regard.

Senator FORSHAW—What is the nature of the complaints that you receive about portability?

Mr Powlay—They are varied, and it varies according to what is happening. Probably at present the most common complaints I receive about portability are about process matters—that is, there is some delay as a result of administrative issues when people move from one fund to the other. Perhaps the fund they are moving from has been slow in sending the information to their new fund. That is probably the main area of complaint at the moment. I also receive some complaints at present from people who have joined products, have felt that they were fully covered without waiting periods and have then found that the particular product they joined has some form of limitation on their benefits for a period.

Senator FORSHAW—Does that have its own category, portability complaints?

Mr Powlay—Yes, it does. It is not listed as portability but we have a number of issues that would pick up portability complaints.

Senator FORSHAW—Such as membership?

Mr Powlay—Yes. The major issue category is membership. Within that we would have some categories such as continuity on transfer, premium payment problems and things like that.

Senator FORSHAW—At what level are complaints about portability issues running? Are you noticing an increase in complaints about issues to do with portability?

Mr Powlay—I think this year we are probably running at about 50 or so portability complaints. The previous year we had a much higher level of complaints about portability, mainly due to a major issue that erupted following a dispute between Mutual Community and HBA health funds and the Healthscope hospital group, mainly affecting South Australia and Victoria.

Senator FORSHAW—What was that issue? Was it an attempt to impose an exemption or something like that?

Mr Powlay—There were a couple of funds that initially provided advice to the effect that they would not provide full hospital benefits to some of those members that transferred. As a result of that we received a number of complaints about that issue. In the end the funds involved did agree to provide full portability for that.

Senator FORSHAW—And what was the nature of the medical complaint that they were seeking not to cover?

Mr Powlay—Virtually anything. My understanding was that it was a mix of medical, surgical, psychiatric care and rehabilitation.

Senator FORSHAW—Psychiatric care was what I was getting at.

Ms Halton—Possibly psychiatric care was the major issue.

Senator FORSHAW—But that issue has been resolved?

Mr Powlay—Let me correct that. It was not principally psychiatric care. The issue on portability involved all possible care in the affected hospitals. There were particular issues about psychiatric care in Victoria because the particular hospital group had a very large share of the psychiatric private hospital beds in Victoria and so there was a particular issue around psychiatric care. But it was not necessarily the biggest issue in terms of non-portability complains.

Senator FORSHAW—I think I can leave it at that. There may be some questions that I could put to you on notice going to the process particularly.

Mr Powlay—We are happy to take anything on notice.

Senator FORSHAW—Thank you.

CHAIR—Mr Powlay, I have a few questions on whether you have received complaints from people who have been utilising the services of podiatric surgeons, what you have suggested they do about them, what the level of complaint is and how widespread it is.

Mr Powlay—We do receive some complaints on that issue and they seem to be increasing. In the last six months of last year I think we recorded six complaints. So far this calendar year

we have probably had in the order of about 15 complaints. So they are small in number but it seems that we are getting more of them. I think a factor in that is that there have been some changes to the legislation recently and podiatric surgeons are aware that there is a clear statement within the legislation that funds can provide benefits in these situations. It may be that they are being more forthright in suggesting that their patients take the matter up with their fund.

In terms of my action at this stage, I would treat that like any other complaint about nonpayment of benefit with a health insurance fund—I would request a report from the fund, I would look at whether they were operating within their rules and I would look at issues of what advice, if any, had been provided to the consumer in advance that might have led them to expect that to be covered.

CHAIR—I have been provided with examples of where some of the funds have basically said, 'We're not going to cover you until the government makes us.' Clearly that is against the intent of the legislation. I have had a number of complaints where people say, 'If I go to an orthopaedic surgeon, my anaesthetist is covered; if I go to a podiatric surgeon, the fund won't cover my anaesthetist.' If they go to an orthopaedic surgeon, for example, they will receive $500 for the hospital bed plus $500 for the theatre; if they go to a podiatric surgeon, they will receive $275 for the hospital bed, if they are lucky, and no payment for the theatre. That is complete discrimination by the funds against people who are paying their premiums. Have you had any interaction with and response from any of the funds or the complainants?

Mr Powlay—Initially you made some comments about funds suggesting that they would not pay benefits if the government did not make them. I have had a couple of complaints along that sort of line, but only very recently, and we are only in the early stages of investigating those issues. The legislation that was introduced recently that put a specific provision in the legislation to allow funds to pay hospital benefits and to ensure that prostheses used in those operations are covered gives me a specific role in monitoring what is happening with benefits for podiatric surgeons. It is my intention to write to the funds to indicate what my understanding and expectation would be, given the change of legislation, and to obtain some information from the funds on which funds are covering podiatric surgery and what aspects of it they are covering under what tables. That is the sort of information that I would publish in *The state of the health funds report* for consumers.

CHAIR—Given that you have had an increase in complaints this year, why haven't you already written to the funds seeking feedback on that issue?

Mr Powlay—I have had complaints about this issue on an ongoing basis. It has been general practice across the health insurance industry not to cover podiatric surgery to the extent that other surgery is covered. Part of the reason for that is that podiatric surgeons' surgery procedures do not have Medicare Benefits Schedule coverage and many of the funds link the payment of their hospital benefits to whether or not Medicare will pay.

CHAIR—That is right. Can I interrupt you there—the podiatric surgeons are not seeking MBS: game, set and match. But they are really being very severely discriminated against by the funds, who will say to a patient quite clearly, 'You go to an orthopod and you're covered. Go to a podiatric surgeon who is highly qualified and highly specialised and we won't cover

you. Go and row your own canoe; we couldn't care less what you do.' I would have thought that that type of attitude by the funds is well and truly against the essence of what this government is trying to do, and that is to create a level playing field for people who choose to go to a podiatric surgeon as opposed to an orthopaedic surgeon.

Mr Powlay—The recent changes to the legislation make clearer what the aspiration of the government is in this area. Nonetheless, funds are able to make decisions about what they cover and what they do not cover—indeed, what providers they cover and do not cover. Provided that they make that clear to consumers up front and do not given them any illusions that they are going to cover something and then do not do it, in my view they are acting properly.

CHAIR—That is the problem; they are not doing that. I plead guilty—I have had five foot procedures in the last few years, but I have gone to an orthopaedic surgeon, so everything I have gone to has been covered. Had I gone to a podiatric surgeon, which I could easily have done, I would have been mortified to think that by the time I was booked into the hospital and spoke to the anaesthetist on the day of the procedure he would have told me, 'Sorry sport, you're not covered,' and I would then get the bills after the event. You do not generally inquire beforehand; you get the bills after the procedure, and you find that they do not pay your theatre fee and they give you a couple of shekels for your bed. It is just a bit rich.

Mr Powlay—Most of the complaints that we have had have not involved issues of nondisclosure. We find that the podiatric surgeons themselves are very good at making it clear to people whether or not they will be covered by their health fund for their fees and procedures. The hospitals generally are good at letting people know at the time they are admitted—

CHAIR—At the time they are admitted?

Mr Powlay—Sorry, at the time that they book for admission, that it will not be covered by their health funds. In the cases where we do see issues about nondisclosure or incorrect information being provided by the fund, we will act on that. In general, we will get an outcome that the consumer will not be out of pocket if the costs have not been disclosed up front.

CHAIR—Do not get me wrong; this is not an axe that I have to grind with you, obviously. It is certainly an axe that I have to grind with the funds. I suppose I look to you as the ombudsman to help these people and force the funds to simply pay equally to a podiatric surgeon what they would pay to an orthopaedic surgeon. I do not think that is necessarily an unreasonable request. I look to you for assistance.

Mr Powlay—I would not see it as my role to force the funds to pay benefits for a particular item if they have clearly established products and rules that did not pay benefits for that particular item.

CHAIR—I absolutely agree with that. I suppose what I am trying to say is that I do not think most of the funds will clearly state, particularly postlegislation, 'By the way, if you choose to go and have podiatric surgery by a podiatric surgeon then we are going to leave you high and dry.'

Mr Powlay—That is certainly an issue that I will be taking up with the funds—

CHAIR—I would appreciate that.

Mr Powlay—in terms of the recent changes that have been made to the legislation. There are issues about whether the funds have specifically looked at the issue again since the legislation and whether they need to improve their product information to specifically address this issue.

CHAIR—Thank you. As I understand it, HBF from Western Australia is the only fund that is dishing out some level of equality on this. I will be delighted to stand corrected if some of the other funds say, 'Oh no, we are not doing that', but from what I understand the other funds are all saying, 'Stiff cheddar; we're not going to do it.' I would be delighted if you would take that up.

Mr Powlay—I do not have the details of all the funds but I am confident that there are funds other than HBF that are covering hospital expenses and some of the podiatric surgeon fee through their ancillary cover. But perhaps it is more the smaller—

CHAIR—Theatre expenses and—

Mr Powlay—Perhaps it is more the smaller funds but I understand that Medibank certainly covers a proportion of the hospital treatment as well as some of the surgeon fee.

CHAIR—The other really diabolical thing to me is that they are refusing to cover the anaesthetists, who do have MBS. They are saying, 'You're not going to get the anaesthetists because the podiatric surgeon does not have an MBS number.'

Mr Powlay—I have recently been made aware of that. I have not had any complaints about that anaesthetist issue but I have been made aware of it and I will take it up with the funds.

CHAIR—Terrific. Thank you, Mr Powlay. Are there any more questions for Mr Powlay?

Senator FORSHAW—Chair, in view of the earlier discussion, we might, if it is convenient, proceed to Medibank Private. I understand those officers need to return to wherever they have travelled from.

CHAIR—Do you have anything more for Mr Powlay?

Senator FORSHAW—No, we do not.

CHAIR—Thank you, Mr Powlay. We now move to Medibank Private.

[5.41 pm]

Medibank Private

Senator FORSHAW—I am not sure we are going to finish all of this private health insurance outcome by 6.30 but we can at least get Medibank Private out of the road.

CHAIR—May I just go on from that with Medibank Private, while we are talking about it?

Senator FORSHAW—Yes. I might have to extend my—

CHAIR—I have seen a few heads go together in the background there. Welcome, Mr Savvides. What is the situation with Medibank Private?

Mr Savvides—I am pleased to be able to correct you. The fund does cover podiatric surgery. We cover both the accommodation and the theatre charge. We responded fairly quickly to the legislation.

CHAIR—And the anaesthetist?

Mr Savvides—With regard to the anaesthetists, we waited for the accreditation approval of the surgeons, which only just happened in March, I believe. From there, we have moved to attempt to cover the anaesthetist and the surgeon. Under our fund rules, they are linked to MBS—the way we cover those services. So right now we are reviewing our ancillary cover. Through our ancillary rules we are attempting to link the cover of those charges for those services so that we can get a much more holistic solution for the fund member.

CHAIR—Let me just get this straight. Medibank Private, as we speak today, will cover equally the accommodation—

Mr Savvides—Accommodation and the theatre.

CHAIR—and theatre, whether it be a podiatric surgeon or an orthopaedic surgeon.

Mr Savvides—Correct. That is the existing arrangement today. That is the current arrangement.

Senator Patterson—If people got that sick, they are now moved to a health fund that suits them, which they could not do without losing their qualifying period once upon a time before 1996.

CHAIR—That is exactly right, Senator Patterson.

Senator Patterson—I just thought I would add that.

CHAIR—Thank you.

Senator Patterson—I have not said anything for hours. I just thought I would make a contribution about history.

Senator BARNETT—And it is welcome.

CHAIR—To clarify: as we speak today, what is the arrangement with the anaesthetists?

Mr Savvides—For the anaesthetist and the surgeon we are still endeavouring to find a mechanism under our ancillary cover rules. We cannot do it under our fund rules for hospital cover because, under our hospital cover fund rules, the reimbursement for those services is linked to MBS.

CHAIR—But the anaesthetist is linked directly to MBS.

Mr Savvides—That is not my understanding.

CHAIR—But they are doctors. I stand corrected but—heavens above!—if we have got a bunch of anaesthetists out there that do not have MBS—

Mr Savvides—No, I am not talking about general surgery here. I am saying that for that particular procedure there is no link for that MBS charge for that anaesthetist.

CHAIR—That is the point I am getting at: there is a discrimination because one is a podiatric surgeon and the other one is an orthopaedic surgeon. That automatically covers the

anaesthetist on one side but it will not cover it on the other side even though both those anaesthetists—it could be the same person—

Senator Patterson—Mr Charles Maskell-Knight might be able to cast a bit more light on the MBS side of it, rather than Mr Savvides having to do that—he is representing the health fund. Mr Maskell-Knight will be able to explain the MBS link.

Mr Maskell-Knight—My understanding is that the MBS for anaesthetics is linked to the anaesthetist providing the anaesthetic for an MBS rebatable item.

CHAIR—That is right.

Mr Maskell-Knight—So because the podiatric surgeons do not get MBS the anaesthetic item does not attract MBS either.

CHAIR—That is exactly right.

Mr Maskell-Knight—Yes. There seemed to be some confusion about what the legislative basis was. So that is what the legislative basis is. Mr Savvides is unable to cover the anaesthetics out of his hospital table.

CHAIR—That is right, but they can do it on ancillary.

Mr Maskell-Knight—And, as I understand it, Mr Savvides is making every effort to make that happen.

CHAIR—But what is the delay?

Mr Savvides—Having now responded to the registration of the surgeons, having not been able to do it through our hospital cover, our endeavours are to try to secure that outcome through our ancillary cover.

CHAIR—But we are now in June and the registration happened in March.

Mr Savvides—Correct.

CHAIR—Why the delay?

Mr Savvides—I think the time between March and now is just part of the process that it takes for us to get these fund rules altered, submitted to the department and approved.

CHAIR—How much longer do patients have to suffer this inequality? How much longer do you think it will take?

Mr Savvides—I will just confer with my colleagues. The actual circular that notified the surgeons in terms of their registration we received on 18 April. So we have been responding as quickly as we can since that time, some six weeks ago, to move to an attempt to cover. I must say that we are one of the few funds that are endeavouring to move quickly in making this holistic solution available for our members.

CHAIR—But how long is it going to take to cover them?

Mr Savvides—I understand from my staff here that we need to look at how this impacts on other services as well so that when we implement these changes we do not incur any unforseen complications. So we have an administrative process under way. I do not think we have a due date, but I would have thought that we are talking about a period within a few

months. This is not something that we will still be talking about at the end of the year—that is not our intent. Again, though, I think the issue you have raised is much more about why there is not uniformity in the industry around this. There are only one or two funds which are, bravely, doing this up-front. That presents its own jeopardy, as you would understand. We are keen to make sure that we follow the spirit of the legislation and get this implemented as quickly as we can.

CHAIR—That is good to hear. I certainly hope it will happen, because there is, as I say, huge discrimination going on at the moment. I am just going to check whether I have written down anything else to ask you about.

Senator Patterson—You mean you do not have a notetaker out there sending you little messages?

CHAIR—No, I am here swimming alone with just my notes, as I have done before. I think that covers the bit from your perspective, Mr Savvides.

Senator FORSHAW—Can you remind me how much the last premium increase by Medibank Private was on average?

Mr Savvides—It was around 7.9 per cent. That is a little under the industry average.

Senator FORSHAW—Did it vary through the different levels of insurance?

Mr Savvides—Yes, that was the average.

Senator FORSHAW—What was the range?

Mr Savvides—Some policies had zero per cent increases and others rose by 15 per cent. When you actually apply the 35 and 40 per cent rebates to the older members of the fund, the actual average was 5.2 per cent this year.

Senator FORSHAW—We heard from the ombudsman, but what particular pressures has Medibank Private been under? As I understand it—and you can correct me if I am wrong—the level of increase for some of Medibank Private's products was at the higher end of the range of increases across the industry. How does that 15 per cent that you mentioned compare, for example?

Mr Savvides—The average increase of 7.9 per cent was just a shade under industry average increases—but, yes, we do have a spread. Some policies required little adjustment; others required more, depending on the claiming patterns of the members and the need to ensure that the policies themselves cover their costs.

Senator FORSHAW—Do you make that information about the range of increases publicly available on a web site or in some other form? Or do you just write to the members and tell them how much their particular premium increase is?

Mr Savvides—We did publicly release the state components of those increases and we do inform all the members of their particular policy change.

Senator FORSHAW—Sorry, you were going to say something about the industry pressures.

Mr Savvides—Yes, the industry pressures, I think, are common to all funds. For Medibank Private the more significant growth area in costs comes from the utilisation and adoption of new technology in the area of prostheses and also in the area of hospital services. Last year, hospital services, which were about $1.6 billion of our outlays, grew by 10 per cent.

Senator FORSHAW—It grew by 10 per cent?

Mr Savvides—Yes. So we absorbed those costs and passed on to members, obviously, a much lower increase and input cost than we received.

Senator FORSHAW—I don't know whether I should declare a conflict of interest, but my family are members of Medibank Private.

Mr Savvides—I am pleased to hear that, Senator.

Senator FORSHAW—I am not sure whether I should be kind to you or not!

Senator Patterson—You are a very sensible person, to have private health insurance, Senator.

Senator FORSHAW—I have had it all my working life. I've got to tell you, Minister—I haven't got time to go into it—with the level of refund you get for some things, like when you get $400 back on a $3,000 hearing aid, you start to wonder about the value of it. Did you have many direct complaints about the premium increase?

Mr Savvides—Yes. Like all funds, the complaints around premium increases peak obviously in that period immediately after the announcement and then they drop down very quickly thereafter. This year we found the number of those complaints to be significantly lower than in prior years, and in the way that we do it—

Senator FORSHAW—They got used to the bad news!

Senator MOORE—That's right.

Mr Savvides—In terms of seasonal patterns, you always do get traffic if you are putting through premium increases. People also ring to get an understanding of how those increases apply to their particular product and we service those calls as best we can. We are pleased to be able to report that our proportional share of complaints this year compared to our market share is actually lower than in prior years, so we feel that we are servicing the needs of our members certainly more effectively than in prior years and we are getting a smaller share of complaints than our market share.

Senator FORSHAW—In situations where a fund member may wish to transfer to another fund or a member of another fund wishes to join Medibank Private, what sorts of barriers are there to customers doing that, particularly benefit limitations?

Mr Savvides—The portability rules are rules that we uphold to the full letter of the law. We do not try to make it difficult for members to either join the fund or leave the fund. We actually measure the service performance around the clearance certificates, which is the information that is sent on behalf of the member transferring to the joining fund, the one they are moving to. We are also concerned to always be sure that when a member is coming into our fund they endeavour to understand what the equivalent product is to the one in the fund they have left so that they do not suffer any benefit limitation or, rather, any waiting periods

for the entitlements of the policy that they are taking up at Medibank Private. If they were to take up a product that was a lower product in terms of cover, they would inadvertently incur waiting periods, and that is certainly not what we want to see happen when members join us from other funds.

Senator FORSHAW—Has Medibank Private applied for any exemptions to the benefit limitations?

Mr Savvides—When we design new products that may have benefit limitations, there is an approval process through the department, a process which has been reformed in recent years. We make sure that we meet the requirements of the act when we design products that may have limitations in them. As far as industry activity goes, our product portfolio uses benefit limitations very sparingly compared to many other participants in the market.

Senator FORSHAW—So the answer is that you have not made any applications for benefit limitations.

Senator MOORE—You have not written to the minister asking for that.

Mr Savvides—Whenever we design a product with a benefit exclusion or limitation in it, we make that clear in the registration process.

Senator FORSHAW—That is for a new product.

Mr Savvides—If you are referring to benefit limitations on transfer of members from other funds, no, we do not apply any limitations in that area.

Senator MOORE—So you have actually asked for that.

Senator FORSHAW—Are you aware of the situation where the Department of Health and Ageing approved a rule change to permit the private health insurance company Australian Unity to limit for 12 months full benefits for members who transferred from another fund and who wished to claim for psychiatric and rehabilitation services?

Mr Savvides—I have a limited awareness of that situation.

Senator FORSHAW—But Medibank Private has not made that same application?

Mr Savvides—No, we have not.

Senator FORSHAW—Is there something in Medibank's structure, given that it is still government owned, that would prevent you from making such an application?

Mr Savvides—It is not about preventing; it is the way we view our obligation and responsibility.

Senator FORSHAW—I understand what you put there. So there is nothing that would put Medibank Private in a different position to any of the other funds?

Mr Savvides—I do not believe so.

Senator FORSHAW—Are you aware of recent moves to review portability arrangements?

Mr Savvides—There are often reviews of the various mechanisms in the sector and there are some industry discussions around portability, especially as it relates to situations where there may be an out-of-contract hospital and where members are encouraged either to change

funds or to consider changing funds. In those particular circumstances, I think there is a review to try to make sure that members are not inconvenienced in any way in terms of their cover and the procedures they are seeking to undertake.

Senator MOORE—You said that you think there are ongoing industry discussions. At the end of your answer you said there would be some review of it. Are you saying that you are aware within the industry that there is a specialised review on this issue? Or are you saying that you know these are constantly looked at? I want to clarify your answer.

Mr Savvides—I believe the reason the review has been triggered is as a result of the significant dispute that occurred in South Australia. Out of that came a discussion—

Senator MOORE—So you are aware of a specific review on this issue.

Mr Savvides—on whether we can do this better. The ombudsman has been active in trying to facilitate the continuous improvement of the current arrangement by clarity of the rules associated with portability or maybe some modification to those rules to absolutely protect the member in that situation.

Senator FORSHAW—There is a review which is being conducted, as I understand it, under the auspices of the department. The minister has made comments about this. Indeed, this was something that we were going to question the department about before you appeared, so we would have led naturally into it. But I think we can still deal with it. What has been the involvement of Medibank Private in those discussions with health department officials, the minister or ministerial staff on this issue?

Mr Savvides—Our engagement in that review has been with the ombudsman's office. We have responded to his invitation for submissions from the industry and we have made a submission.

Senator FORSHAW—You have not had any specific meetings with the departmental officials?

Mr Savvides—It is brought up from time to time in our regular dialogue with the department. We talk about all of the current issues.

Senator FORSHAW—Is that just Medibank Private's dialogue with the department or is it the industry more broadly?

Mr Savvides—I have to say it is both. It is our own regular dialogue and it is also for the industry association, the AHIA, where there is also a dialogue between the department and the industry in general.

Senator FORSHAW—Do you have any views at this stage about the portability issues in this review that you would like to put on the record now?

Mr Savvides—Only to say that we support the ombudsman's intention in this area. There is room for improvement and we certainly want to make sure that, if there was a repeat of the kind of dispute that occurred last year, members do not go through the kind of disorientation that occurred in that particular circumstance.

Senator FORSHAW—You are supportive of making it as easy as possible for people to transfer?

Mr Savvides—Correct.

Senator FORSHAW—Without penalty, as it were.

Mr Savvides—Yes.

Senator FORSHAW—Thank you. I think that covers what I wanted to do.

Senator MOORE—I have a couple of questions about the current renegotiation of contracts in the hospital sector. I think I remember asking about this a few years ago when this process came in. Can you outline for us where the current contract review is at at the moment?

Mr Savvides—The request for proposals was issued to 99 hospitals—

Senator MOORE—They are all hospitals that are currently contracted to Medibank Private?

Mr Savvides—No. Most of them are but there are one or two that we have invited to participate as well—

Senator MOORE—So all the ones that you are currently contracted with were invited and there are some new ones.

Mr Savvides—There is a segmentation. We have only chosen the metropolitan areas of Brisbane and the Gold Coast, Sydney, Melbourne and Adelaide. We wanted to avoid regional and country Australia and areas where an attempt to maximise the competitive bidding process may not have been as effective as we believe it would be in areas where there is a much higher density of private hospitals. So 99 hospitals were identified and invited; that is 99 out of 219 that we have access to across the country. Two hundred and fourteen of the 219 have current contracts with Medibank. Out of the 99 we received 99 applications. We are in the process, through the probity auditor's supervision, of going through the evaluation of those bids at the moment.

Senator MOORE—I want to clarify the response you made about geographic location. Do you currently have contracts with hospitals in regional and country areas?

Mr Savvides—Absolutely.

Senator MOORE—Is it expected that they will continue to be contracted to you, that you are only doing this particular process with geographic metropolitan areas?

Mr Savvides—The more intensive geographic process through this RFT is very much targeted at metropolitan areas.

Senator MOORE—And they are all the major capital cities. You did not mention a few cities.

Mr Savvides—We excluded Perth and Hobart, again because of the density of facilities.

Senator MOORE—So for the purposes of this particular process they are linked in with the regional areas as opposed to the metropolitan areas. They are not considered the highly competitive metropolitan areas.

Mr Savvides—That is correct.

Senator MOORE—In the process is there regard for the current volumes of hospitals, the current business rates, the number of patients?

Mr Savvides—Sorry, Senator?

Senator MOORE—In this particular round, when you are looking at which hospitals to discuss the tender process with, did you look at their current business rate, the number of patients to go through—

Mr Savvides—Yes, we have that knowledge base in our business. These hospitals have been providing services for our members for many years. The previous method of contracting was normally an annual review and an annual contract renegotiation. But because hospitals services, as I said earlier, had grown so substantially and have been growing for a few years now—10 per cent growth last year for our $1.6 billion worth of services with hospitals—it was important for us to deal, where possible, with this group where we could create in the tendering process more intense competition for achieving a contract with Medibank Private, with a view to hopefully driving some savings out of that for our members, which would then pass through into lower premium growth into the future years. That is the whole intent of this exercise.

Senator MOORE—How exactly do you hope to have savings? Is it through having less contracts, working with fewer hospitals or the costs of individual hospitals being less? What is the intent of the process?

Mr Savvides—The intent is to offer all the 99 hospitals a contract with Medibank Private.

Senator MOORE—There is no intent to exclude some from the process?

Mr Savvides—No, but if they fail in terms of competitive criteria, which is not only price but a whole range of criteria, the kind of contract they receive may be different. The preferable contract that we are trying to secure, which will be the bulk of them, will be a Members' Choice, no-gap hospital contract. We expect to have only 90 per cent of those 99 hospitals secured in that form but there may be others who will have a different form of contract because they were unsuccessful in the competitive sense.

Senator MOORE—Do you have varying contracts now?

Mr Savvides—Yes, we do. It is not the first time that we have had relationships or arrangements with hospitals that do not have a Members' Choice arrangement with us.

Senator MOORE—Have you looked at the impact that the business decision you have made to focus on volume in contracted hospitals would have on waiting times and gap payments for patients? Are they some of the things you are taking into account?

Mr Savvides—Yes. We look at a whole range of criteria. The objective again is to ensure that members achieve out of this exercise lower future premium growth as well as no compromises in the quality of services and access they have to those services going forward.

Senator MOORE—So no compromise in service is a key aspect. You say that tenders are currently under consideration. I know you cannot tell us what is in the tender document, but can you tell us what the process is for considering the tenders? How is that being done?

Mr Savvides—We do look at costs. I can give you an example of maybe the problem that we had before we started the process. It is easy to be transparent then.

Senator MOORE—To clarify, yes.

Mr Savvides—I will pick one capital city—say, Melbourne—but it is not dissimilar to other places. In fact, it can be a little worse in other places.

Senator MOORE—You have done well because there are no Victorians here.

Mr Savvides—The lowest price of a hip replacement of those participating hospitals in the metropolitan district where we are running this particular tender is around $8,000. The average price is $9,800. The highest price is $12,274. So there is a very substantial range. If you were generous and just said the midpoint, which is $9,800, then there is a range of over 25 per cent above that.

We believe that the criteria for a Members' Choice contract with Medibank Private ought to be on the basis of a competitive service arrangement with the fund in exchange for the fund's members to be able to be serviced by that particular facility. We believe that, with regard to that variation of price for the very same procedure and the very same input in terms of effort, quality and outcome—we are not making any aspersions about price and quality of outcome here because there is no link—we feel that we can do better for our members, that they ought not to be suffering this significant price variation from the facilities that we are contracting with. If we are able to make that more competitive in the services we contract for them, that will directly impact the premium growth rate in future years.

Senator MOORE—You have obviously developed a range of benchmarks that will be the directing focus of your new tender. Will all the people who chose to be part of this process fully aware of what the benchmarks were and how they were going to be weighted?

Mr Savvides—Yes. We did identify the balance of the market. We do discuss with the tenderers where they sit against the market that they are pricing themselves into when they respond to our tender so that they have a sense of the competitive challenge that they have and where they sit.

Senator MOORE—My understanding is that you have told the involved places that there are five evaluation criteria that they will be assessed against but you have not indicated whether they have any particular weighting. When you are going for a job interview, you are told if certain criteria have more weighting in the decision than others. With the five that you have identified—if you can refresh my memory about what they are—are they all equal when you are adding up the decision? Is each one of equal value?

Mr Savvides—We are not disclosing the weighting criteria. It is part of the confidentiality of the tender.

Senator MOORE—Is there one?

Mr Savvides—There is a model; there is a formula—absolutely. The five criteria are: obviously the financial offer itself, the cost of the services; the services that are provided in that particular market, the breadth of the services—obviously we do not want to select a highly competitive provider who only has half of the services our members require in that area; that would be totally dysfunctional; and the quality and safety aspects of the offering.

All of the hospitals we work with are committed to the ACHS standards and an array of other quality criteria, but we want to link them commercially to a contract with Medibank—that is, their self-assessment commitment for quality and safety is commercially linked to the contract rather than having it there as an independent variable. Also we look at efficiencies.

Senator MOORE—Can you run that by me one more time? To be an effective hospital in an Australian community now you have to have your quality assessed and have a high rate and you would also have to have quality committees when you are the hospital.

Mr Savvides—Correct.

Senator MOORE—That is a given for the kinds of hospitals you are looking for. What does the statement you made about that being linked to the tender mean?

Mr Savvides—I can better describe that from a consumer perspective. We have three million members in Australia; we are the largest fund. If I was a member of Medibank Private, and I am, I would expect my health fund to be procuring services on my behalf in a way where the quality and safety criteria of those services are a component of a commercial supply contract with that hospital. I would have a very strange view of that health fund if they were to reply to me and say, 'That is not linked at all.'

Senator MOORE—Okay. I think I see that.

Mr Savvides—It is our concern for our consumers and our duty of care for our consumers in the way we go about our members, in the way we go about acquiring and procuring services on their behalf. We think quality and safety are important criteria that our members have in the kinds of services they expect from the health fund.

Senator MOORE—Is that three you have given me of the five?

Mr Savvides—I think I gave you the five: financial; the array of services in that particular market; quality and safety; the compliance to the contract itself—the contract has various conditions et cetera; and efficiency.

Senator MOORE—Efficiency is across-the-board type efficiency?

Mr Savvides—There are several mechanisms and measures. We certainly invite the provider proactively to work with us on joint efforts to drive unnecessary, non-value-adding costs out of the relationship, which we hope both of us can share in when we go forward. One of the other opportunities we have offered the 99 hospitals—they have asked this of us in the past and it has not been available to them—is to negotiate multiple-year contracts. Rather than having an annual contract with Medibank Private, we can make a longer term commitment of up to, say, three years, subject to the offerings being attractive to both parties.

Senator MOORE—And within that there were the five criteria that the businesses had to meet. My earlier question was: considering the effect your process is going to have within Medibank Private, are personal customer issues, such as issues with waiting times for patients and gap payments, going to be part of the selection process?

Mr Savvides—Yes. We would never abandon the fundamental values and services that we are offering our members, which include no waiting times, the superior amenity in private health and the ability to access the surgeon they are after. In the trading off of trying to also

make the fund an attractive proposition to members on a long-term basis in terms of the cost of the premiums, we work hard to try to optimise all of those outcomes. I will talk about my expectation out of the contract round. We are currently contracted with about 98 per cent of acute and overnight services in the country. If there is a reduction of Members' Choice no gap contracts in the 99 in this particular round, which is only a subset of the total, I do not believe we are going to be much less than 95 per cent of the Australian network of acute overnight services. That would still make Medibank the provider of the largest network of contracted overnight facilities in the country, more than capable of meeting all of the servicing requirements of our members.

Senator MOORE—That is the kind of internal goal you have—to try and get to that 95 per cent?

Mr Savvides—Correct. If there are few other facility providers beyond the Members' Choice no gap, they will also be offered alternative contract arrangements. It is not our intention to have service providers who can provide a service to our members not have a relationship with us at all. It is whether they accept the terms in the negotiation of that alternative contract.

Senator MOORE—How long do the hospitals have to respond to the tender when you put it out?

Mr Savvides—It was nine weeks response time.

Senator MOORE—How long was the tender documentation? This is not particularly focused on you. At the moment we are asking how complex and how long all tender documentation was. You can take that on notice.

Mr Savvides—I think it was about 50 pages—less than one centimetre.

Senator MOORE—I think Hansard need a bit more than that. If we can get that information from you. It is a standard issue that we have across—

Mr Savvides—It was about 50 pages. To assist the provider, we did provide a database of information for them to facilitate the conversion of their cost data with our assessment.

Senator MOORE—What is your fund's current management expense ratio?

Mr Savvides—The last published ratio was 8.7 per cent.

Senator MOORE—How does that compare with the industry standard?

Mr Savvides—On a per membership basis our administration costs are around 22 per cent under the industry average.

Senator MOORE—What has changed for Medibank Private since it moved from the health to the finance portfolio, apart from the fact that you are in another portfolio? Has there been any change in the way you operate within the government?

Mr Savvides—The relationship with the department of health has not changed. We continue to invest the same time and effort that we did in the past in terms of dialogue, understanding the direction of policy and making sure we interpret it correctly. The way that PHIAC as a regulator reviews the market is very much focused on ensuring that the core product itself, the private health insurance product, generates a positive profit at an

underwriting level. By that, I mean that we should not underwrite at a loss. That is certainly the guidance we have been given by PHIAC as well. That is different from the past, but I do not think that has anything to do with shareholders. The environment that we are in is such that health costs are growing so quickly, it would be rather precarious for any health fund to try to live off investment income to cover their underwriting profit, were it to be a loss. As a fund we have been endeavouring to make sure that we are a positive underwriter. That has not been our historical position.

Senator MOORE—My ongoing question is whether the move to Finance is reflected in the fund's financial management in the nature of its current tender process. You just answered that to a degree. Was there any change in the way this tender process operated as a result of being in the finance portfolio? You have been through tenders before. Has there been any change in the way this one has operated?

Mr Savvides—No. I think I can say that the idea of pursuing such a tender predates the change of shareholder arrangements.

Senator MOORE—As the patron department, did Finance have any particular role in the tender process?

Mr Savvides—None at all. To clarify: this is not the first health fund that has ever done this. We have followed two other major funds who pursued similar contracting arrangements some three years ago.

Senator MOORE—This kind of process is one of the things that happened in your industry, isn't it? It is a bit of an industry model.

Mr Savvides—The tendering process has been done by two other funds before. We have not copied it entirely; we have taken the guidelines of what they have done and applied them in a slightly different way to make sure that we achieve the goals that we want for our members.

Senator MOORE—In terms of the ongoing discussion we have had, and the potential for your business being commercialised to an extent, has there been any focus on that since you moved to the department of finance?

Mr Savvides—No. Our focus has always been to deliver our corporate plan, which is a three-year rolling plan that we clear through the shareholders. The financial objectives in that plan are designed to make us perform amongst our peers in the sector in the way that you would expect the market leader to perform. We should not be dragging our feet; we should be at least up there amongst the average performers in the sector.

Senator MOORE—Is there continuing discussion or awareness within your agency about potential for sale?

Mr Savvides—There is always discussion, but it is not of a nature that drives our business objectives or decision making.

Senator MOORE—It continues to hang around.

Mr Savvides—Not in a positive or negative way; we just get on with our business.

Senator MOORE—It is just there. You have been working with that cloud—'cloud' could be the wrong word; I am trying to think of the right thing—something that has been around your agency for a long time, and that continues.

Mr Savvides—Yes. I think our operational mandate is to operate as a professional business with a sharp commercial focus and to deliver good results for the shareholder in terms of shareholder value, which for Medibank Private includes the member value.

CHAIR—Thank you very much, Mr Savvides.

Proceedings suspended from 6.22 pm to 7.32 pm

Senator Patterson—Before Senator Forshaw continues, I would like to raise a matter of public importance. It is a very serious matter that I would like Ms Halton to raise with the committee. It should be brought to people's attention. I wanted to do it before dinner, but Senator Forshaw had not cottoned on to the fact that I was going to raise a matter of importance. I will pass over to Ms Halton to raise this issue on behalf of the government, but the committee might want to respond as well.

Ms Halton—A good number of years ago some of the people in this room were actually tortured until 3 am.

Senator Patterson—Or maybe 6 am.

Ms Halton—It was, actually. In fact, I got the call to come in at 2 am.

Senator Patterson—I was probably asking the questions, was I?

Ms Halton—No, Senator Knowles was. As I recall it, there was a Senate experience where Senator Knowles was a key member of the opposition and she was going to make a point. She made her point and it lasted nearly all night. Members of this department were summoned in at various hours, and a number of them will probably be here. The phone at my place rang at 1.30 in the morning—I had been stupid enough to go to bed—and I was told to be here by 2 am. We sat here until some particularly unreasonable hour and then we went and had a drink. Mary Murnane and I, when we walked out of here, tottered down the corridor. She said, 'Where can we get a drink at this hour?' I said, 'I don't care, but we'll find one.'

Senator Patterson—In Canberra, nowhere!

Ms Halton—I think we repaired to someone's abode, Senator. A number of us have been dealing with you for a very long time, and the department, I have to say in conjunction with all of your Senate colleagues on the committee—and we did not want to leave this until 11 o'clock because people would have left—thought that it would be singularly inappropriate of us to leave your departure unmarked. We thought, 'Well, what can we do?'

Senator Patterson—Don't ask how much it cost!

Senator WEBBER—All the forward estimates!

Ms Halton—In fact, the first thought I had was, 'No commercial value,' because such matters cannot have a commercial value or certainly would have to be below the declarable limit. We thought it would be appropriate that we mark the significant contribution of, 'Bugger you at 2 am'—

Senator WEBBER—With a clock!

Ms Halton—The thought did occur to me.

Senator Patterson—We could not afford a gold watch; we would have been asked questions.

Ms Halton—You have done a fantastic job over the years on this committee. I know that I speak absolutely on behalf of all of my colleagues in the department—and the senators will want to respond, I have no doubt—when I say that on every side of government, be it in opposition or government, we have valued your contribution, your good humour, even at 2 am—

Senator Patterson—Her firmness.

Ms Halton—and, seriously, your ability to manage the business of this committee, which all of us think is incredibly important. We would not want you to go without you knowing how much we have valued the experience, so we have a teensy-weensy little something for you.

Senator Patterson—I have been here 18 years and this is the most irregular estimates I have ever seen, and I want to know how much it is costing having all these bureaucrats here while we do this.

CHAIR—I love the colour of the bag!

Ms Halton—We are putting life into years, and that is basically the people here: senators and key people from the department. This is your card.

CHAIR—Wow! Thank you.

Ms Halton—I have a particularly tasteful bag, which would meet the environment department's requirements about recyclability, and we hope that you take this to the markets and then you will be seen by everybody.

CHAIR—Ain't that the truth!

Ms Halton—We think that you need a little advice on how to cook well in retirement.

CHAIR—That's true! This is from Professor Horvath, is it?

Ms Halton—This is West Australian in origin, so I have been very patriotic. This will tell you how to cook good, healthy meals and every time you open it you will think of all of us.

CHAIR—Beautiful!

Ms Halton—Because we know that you tend to be an enthusiastic cook—

CHAIR—Are the strings big enough to go around?

Senator Patterson—You could actually sell the program!

Ms Halton—We know that you are a tidy soul, so here is the tea towel to wash up with.

CHAIR—Thank you.

Senator Patterson—We don't pay for all this stuff out of government money, do we? I'm going to ask questions about this!

Ms Halton—Because we are keen on veggies, here is the peeler. In case you need to write an extra recipe, here is something to write with.

CHAIR—Look at this! I love pens, don't I?

Ms Halton—A little golf ball for when you are feeling frustrated.

CHAIR—Thank you.

Ms Halton—Of course, you know that we are very keen on exercise to go with nutrition. So you can take your water bottle on your walk, which you can measure with your pedometer. Because we are worried about skin cancer, you can wear—

Senator WEBBER—I hope you realise how silly you look.

CHAIR—I hope you realise I'm going to stay silly for the rest of the night, too! Thank you. Where do I start?

Ms Halton—Hang on, I'm not finished yet!

Senator MOORE—Before you do your naturally long thank you speech, on behalf of our group and so many other senators in this place—

Senator WEBBER—We're not as health conscious!

Senator MOORE—we wanted to say thank you, because we have really valued working with you. Your support has been wonderful. For your fairness, your humour, the way you taught me technology so that I could get your jokes, for all those things we are going to miss you so much. This is Australian product, as you would expect, and my comrade Ruth Webber has assured me that it is very good and Comrade Forshaw has also assured me that it is very good. We want to say thank you. We will miss you and we could not let tonight go without saying so.

CHAIR—Thank you very much. How unexpected is all of this! Little did I realise that I would end up looking like a complete and utter nana for the rest of the day. A nana is the best expression I can come up with, with all this food thought. I was going to just say a few words, of course, at the end of the evening, but Jane is right. I was talking to Charles a little while ago and saying, 'This has been a substantial part of my life—20-odd years.' Came in young, go out old. As I said to Charles, there are many things that I am going to miss when I leave here, and I have to say that estimates is probably not the highest on the list—but the people are.

It is interesting, because I have seen so many of you come and go for so long. One of the best parts about it is to see so many of you go up through the ranks and go off to bigger and better careers. I look at John Powlay sitting down there and think, 'Whoever would have thought that day that we were coming in from the airport in Melbourne that I would be genuflecting to you as the ombudsman'—and people like that. It is just absolutely fantastic. Gail, the same thing. It is terrific.

I should not start mentioning names because I know I will miss someone out, but to all of my colleagues whom I have worked with for so many years on the committee, it has been terrific. But, I tell you what: there are some very special people without whom I would not have been able to do all this, and that is the secretariat. Elton, Leonie, Christine, Ingrid and

Peter, and all the other people who support us behind the scenes, are just positively outstanding. I have said that in the chamber so many times when we have tabled reports and I think they know that I mean it. Leonie said today that she is going to miss me, and I think the only reason she sent me that email was because I keep on sending her jokes. Senator Moore dobbed me in. Sometimes, when you see us all break into peals of laughter here, it is not just because of my jokes. I think everyone has now become guilty of the same offence. But it does help pass the time. Thank you. This is just something that I could never have imagined—in more ways than one! It will be absolutely cherished.

Senator Patterson—Barry would be proud of you. Sir Les would be proud of you!

CHAIR—I am sorry that this is not a case where we could actually share it, but then the questions might go till three o'clock and we couldn't have that. Thank you very much, from the bottom of my heart. It is terrific. You have all been wonderful. To the secretariat and my colleagues, you are terrific. Thanks, Senator Patterson. Thank you, Madam Secretary, the department and all of you. I am going to sit here like this all night! Can't you imagine when Harry Evans turns on his TV?

CHAIR—Having taken up a little bit of the time, Senator Forshaw, you may like to continue asking questions while I read my books.

Senator FORSHAW—I thought you might go out and cook us a meal! Thank you, Chair. Can I just endorse the remarks of the minister earlier today, and also of Ms Halton. I will not mention how long I have been in this Senate—that could be checked in the *Parliamentary Handbook* or on the record—but since I came into the Senate, there are two things that I have seen as a constant in terms of you, Senator Knowles. The first is that you have had an interest and an involvement in issues before this committee in the Health and Ageing and Family and Community Services portfolio areas all that time, and seen off a lot of senators, I think, over the years—a few ministers as well. The second thing which goes with that is that you have shown an expertise in those areas, and I mean that sincerely. I have to say when I have been involved in debates in the parliament, I would look across and, if it was a health related issue, there would be Senator Knowles ready to follow. I used to sometimes try and get myself down the list after Senator Knowles—the old trick!

Certainly your contribution to debates and to this committee and to inquiries, a number of which I have served on with you, has demonstrated that, whilst we may argue about the policy and the issues, you certainly are one of the people on the government side that I regard as an expert in this area, in terms of your party and the government, and I certainly have admired the contribution you have made in that respect.

Maybe I will go to questions. Should I do that? And I did particularly like—and I will get the *Hansard* page record—the fact that you have dragged people back here at two and three o'clock in the morning. That is interesting.

CHAIR—Thank you, Senator Forshaw.

Senator FORSHAW—Can we start with the Private Health Insurance Administration Council. I know it is a process question, but just so that I can fully understand before I go to some specific questions, could you very quickly tell me about PHIAC's role and what happens in the process of dealing with premium increases or application for premiums.

Ms Ginnane—The role we have is that, after price increase applications come to the department, they are referred to us. We go through those price applications, looking at the financial position of the health funds, the rates that they are applying for and what their expectations are for the year ahead. We have also sought additional advice, particularly in the last pricing round, from the Australian Government Actuary. We referred a number of health funds there for a second opinion. We then provide that advice back to the department in terms of whether or not we think the rate increase is both necessary and sufficient.

Senator FORSHAW—You have raised the issue that I wanted to go to particularly, and that is seeking other advice. You said you have sought advice from the Australian Government Actuary. Is that the first time that that has occurred?

Ms Ginnane—No. We have done that in previous years for one or two funds. This year we referred six funds to the AGA.

Senator FORSHAW—What triggers a referral? Is it on the basis that you wish to obtain further information specifically about that fund? Or would you seek the advice of the actuary or other outside advice as a part of the normal course of examining the material that is put before you by the fund?

Ms Ginnane—We certainly can seek the actuary's advice as part of the normal course of business. In the past where we had a health fund under administration we quite specifically referred it to the AGA because we were, in effect, running the fund through the administrator. It seemed appropriate to have a second opinion there. Last year, because the rate increases were, in our view, going to be in the order of what they turned out to be, we thought it was best to seek an independent view external to us.

Senator FORSHAW—Before I take that issue with the actuary a bit further, what is the interaction with the minister's office with regard to when the minister gives approval or whatever to premium increases?

Ms Ginnane—In relation to the premium increases, there is no direct interaction between PHIAC and the minister's office. We do that back through the department because we send our opinion back to the department.

Senator FORSHAW—You would provide an opinion, a recommendation?

Ms Ginnane—Yes, to the department.

Senator FORSHAW—And that is on each?

Ms Ginnane—On each application, yes.

Senator FORSHAW—With regard to the involvement of the Australian Government Actuary, you said that they were particularly called in to examine some of the funds. What was the specific reason for the involvement of the actuary on this occasion?

Ms Ginnane—There were some different reasons. We thought it was best to refer the larger funds—which are Medibank Private and MBF—but there was also one larger fund that had a greater than average increase and we thought it was sensible to seek an external opinion as to whether that increase was warranted.

Senator FORSHAW—How many funds were referred in all?

Ms Ginnane—Six.

Senator FORSHAW—But they were in the main the larger funds—is that what you are saying?

Ms Ginnane—They were mainly the larger funds, yes.

Senator FORSHAW—What about smaller funds? Were any of those seeking substantially large increases that would have raised a concern?

Ms Ginnane—There were two, but we had also been involved with those organisations for some time and had other advice available to us that, in our view, supported the need for those increases.

Senator FORSHAW—What sort of other advice would you have?

Ms Ginnane—The health fund's own actuary. They were not employed actuaries by those organisations; they were consulting actuaries. We were satisfied, based on the information we already had and the advice that we received as part of the pricing application, that they were warranted.

Senator FORSHAW—Was the request for the involvement of the actuary made by PHIAC? How did you make the request?

Ms Ginnane—We made the request of the AGA. Certainly we were all concerned that pricing would be around the order of eight per cent, which it turned out to be.

Senator FORSHAW—Was there any involvement by the department or the minister in the making of that request?

Ms Ginnane—We advised the minister's office that we thought it was sensible to do that.

Senator FORSHAW—The initiative came from PHIAC?

Ms Ginnane—I believe so, yes.

Senator FORSHAW—The minister or the department did not request that it be done?

Ms Ginnane—No.

Senator FORSHAW—Is it correct that you now employ your own actuary or actuaries?

Ms Ginnane—We do not have a full-time actuary on staff but we have access to actuarial advice when we need it, either through the Australian Government Actuary or through consulting actuaries that we can bring in on a case by case basis.

Senator FORSHAW—With the consulting ones, do you have a list that you can—

Ms Ginnane—Yes, we do. We sought expressions of interest for that list and it is due to be revised at the end of this year.

Senator FORSHAW—I assume they are paid a consultancy fee?

Ms Ginnane—Yes.

Senator FORSHAW—Is it a fee and then a fee for work performed or is it only the basis that they are called in to do something?

Ms Ginnane—It is only on the basis that they are called in to do some work and it is usually on an hourly rate.

Senator FORSHAW—Can you provide us with some figures of the annual cost of where that work has been undertaken in the last couple of years? You can take it on notice.

Ms Ginnane—I would have to take that question on notice, yes.

Senator FORSHAW—I would just like to get an idea of how much that cost is. Particularly given the findings of the ombudsman of what appears to be—this is a bit of a tautology—an ongoing trend for premium increases each year, or at least applications that are not of a smaller magnitude, do you see an ongoing role for the Australian Government Actuary into the future, more so than perhaps in the past?

Ms Ginnane—That is hard to answer. I certainly see an ongoing role for the Australian Government Actuary. Whether that would increase or not will still come down to a case by case basis.

Senator FORSHAW—I want to turn also to the review of the reinsurance scheme. You can answer those questions? What is the status of the reinsurance scheme?

Ms Addison—Senator, we held some consultations with industry earlier in the year, in approximately March, and we have been preparing advice based on those consultations. There was a decision taken last year by the government to defer the implementation of the review of the proposed reform of the reinsurance arrangements to allow further work to be done on the proposed risk based capitation model. Ms Ginnane could probably comment on some of the concerns that have come up regarding the model.

In addition, the industry had undertaken some work towards the end of last year and put a submission to the minister which presented an alternative model, so we held consultations earlier in the new year with industry. We have had two sets of consultations: their proposal, plus the risk based capitation reform proposal. As I said, following those consultations we are putting advice to the minister. At this stage, the reinsurance reform is proposed for introduction in July 2006.

Senator MOORE—Were they clearly two separate lots of consultations? The first part of your answer referred to consultations earlier in the year and the second part of your answer talked about other consultations. Were they done with different groups?

Ms Addison—No, they are part of the same. We have had two rounds of consultations this year.

Senator MOORE—The focus on both of those has been the changes in this reinsurance scheme?

Ms Addison—The focus has been on discussing the industry proposal and how the industry proposal differs from the proposed risk based capitation model.

Senator FORSHAW—To clarify, the review is continuing—is that the position?

Ms Addison—Yes, we are still working towards the reform, and the implementation deadline for the reforms is still July next year, but the final form of the reforms is what has been under discussion. We are putting some advice to the minister on that.

Senator FORSHAW—I had some feeling that it was being delayed.

Ms Addison—There was a decision taken by government last year to delay the reforms. They were due to be introduced in July 2005 and a decision was taken last year to defer them until July 2006.

Senator FORSHAW—This change to the timetable was announced in a circular dated 18 November 2004.

Ms Addison—Yes, that is correct, Senator.

Senator FORSHAW—It states that 'the delay is necessary as it has taken longer than first anticipated to collect and distribute data to funds about the impact of the proposed change'.

Ms Addison—That is correct.

Senator FORSHAW—Who is undertaking that process?

Ms Addison—That process was undertaken in consultation with Ms Ginnane. She might be able to comment on that.

Senator FORSHAW—So it is PHIAC, is it?

Ms Ginnane—Yes.

Senator FORSHAW—Did you wish to comment?

Ms Ginnane—One part of the reform process required the collection of data on products and it proved to be very difficult to get good-quality data. Given that reinsurance transfers money amongst the health funds to cover the costs of the elderly and chronically ill, it is very important that the system be absolutely transparent and fair. In our view, the product data did not allow us to do that, so we sought a delay and a reconsideration of the most appropriate way forward.

Senator FORSHAW—Can you tell me which funds have received the information and which funds have not?

Ms Ginnane—All funds have now received the data.

Senator FORSHAW—All funds have?

Ms Ginnane—Yes. It was sent to all of them at the same time.

Senator MOORE—When was that?

Ms Ginnane—I could not give you the exact date, but it has come out in a number of different stages over the last about nine months. I think the last lot of data went out late last year.

Senator FORSHAW—I think that completes the questions I have, particularly in relation to PHIAC. It may be that you have to come back to the table; I am not sure. I have some questions of the department relating to these two issues about which there were questions earlier: portability and reinsurance. Firstly, with regard to portability, we have heard from Medibank Private and the ombudsman, but can the department tell me what progress is being made on the portability negotiations?

Ms Addison—I probably would not describe it as 'portability negotiations'. What I would say is that we have been undergoing a process. Last year the minister asked the industry parties, when concerns were raised about portability issues, to try and work together to come up with a solution. The Private Health Insurance Ombudsman was part of that process. Towards the end of the year, just prior to Christmas I think, the parties informed the minister that while there were areas of agreement they had been unable, in essence, to agree. The minister asked the department to undertake some work, which we have been doing. That has involved conducting bilateral meetings with a number of the parties involved in the process, so we have met with hospitals, the AMA, the Health Insurance Association and the Health Insurance Restricted Membership Association.

Senator FORSHAW—When did those specific discussions commence?

Ms Addison—They took place through March-April and we have been formulating advice on the basis of those discussions—going back to industry and talking on a bilateral basis as well as consulting with the ombudsman—for the minister on what we think is an appropriate way forward to resolve the issues and the concerns that industry have raised.

Senator FORSHAW—There have been meetings between the department and the private health insurers?

Ms Addison—And the hospitals.

Senator FORSHAW—Yes, you mentioned the hospitals and the AMA.

Senator MOORE—But all separately?

Senator FORSHAW—All bilateral?

Ms Addison—We have held them bilaterally, yes.

Senator FORSHAW—Who is representing the private health insurers?

Ms Addison—Russell Schneider, the CEO of the Health Insurance Association.

Senator FORSHAW—So it is the association?

Ms Addison—Yes, and Norm Branson from the Health Insurance Restricted Membership Association.

Senator FORSHAW—You are not having separate discussions with the funds?

Ms Addison—No. We contacted the various parties to talk about what was the best way to work through the issue. For example, in the private hospital sector we have spoken to Michael Roff of the Australian Private Hospitals Association and, from the Catholic hospital sector, we spoke to Patrick Tobin, who is one of their senior policy advisers.

Senator FORSHAW—I do not mean individuals, but who represents the department at these meetings?

Ms Addison—I am present at those meetings.

Senator FORSHAW—Other officers?

Ms Addison—Yes, other officers in my branch.

Senator FORSHAW—At what level?

Ms Addison—Executive level 2.

Senator FORSHAW—Has there been any ministerial representation at the meetings?

Ms Addison—No.

Senator FORSHAW—Could you provide us with details of the meetings that were held: the number of meetings and the representation at those meetings. Is that possible?

Ms Huxtable—We can provide that information, Senator, yes.

Senator FORSHAW—Thank you. I am asking that in relation to all the meetings, not just the ones with the private health insurers.

Ms Addison—I understand.

Senator FORSHAW—You have indicated that Michael Roff represented the private hospitals.

Ms Addison—That is correct.

Senator FORSHAW—Do you have separate meetings with individual hospitals or is it only with the APHA?

Ms Addison—In the case of the private hospital sector we met with the Catholic health association's senior policy adviser and for the hospitals we also met with Michael as their representative—the industry body that represents the hospitals.

Senator FORSHAW—I have asked you to provide details of the meetings that have been held with that organisation and who was in attendance.

Ms Addison—Yes.

Senator FORSHAW—In terms of internal work within the department on portability, which area of the department is responsible for that?

Ms Addison—My branch is responsible for the regulation of the act and the provisions that relate to portability.

Senator FORSHAW—How many people are working on that issue?

Ms Addison—Two, and some of my time is spent on it. They are clearly not working on it full-time, but there would be two or three people within a team who would have some knowledge of the issue and be working on it.

Senator FORSHAW—I assume that they are interacting with the ombudsman and PHIAC on the issue.

Ms Addison—Yes. I would work with the health insurance ombudsman, as would the team leader responsible for the area of work.

Senator FORSHAW—When people make complaints about premium increases to the department, do they come to your branch?

Ms Addison—We have email, health.gov.au, so some complaints would come in through that. We also have telephone access and some people would phone. And, of course, they would write letters to the minister that come to my area and are dealt with within my branch.

Senator FORSHAW—Are you or is the department aware of correspondence that was forwarded to the minister regarding the issue of portability? It was in June last year and it was from Julia Gillard, the shadow minister for health. Can you recall being advised of that correspondence?

Ms Addison—I would have to take that on notice. There were a number of ministerial representations following the Australian Unity rule change last year.

Senator FORSHAW—Rather than take it on notice, can I ask you to have a look at this letter and see if that helps you to recall now. Are you familiar with that letter?

Ms Addison—If this is the right letter, Senator, it may be a letter that was subject to a question on notice to the minister.

Senator FORSHAW—My query was: has the department ever been asked by the minister's office to provide advice about this letter from Ms Gillard?

Ms Addison—Not that I am aware.

Senator FORSHAW—If you have not been asked to provide advice, you would not have been asked to provide a response.

Ms Addison—Sorry. I would have to correct the record and come back to you on that because I do think the letter came to us for a response.

Senator FORSHAW—I would appreciate it if you would check. You are not able to check now—is that what you are telling me?

Ms Addison—That is correct.

Senator FORSHAW—That is unfortunate. If you had received it and been asked for a response or advice, you would have provided it?

Ms Addison—Yes.

Senator MOORE—Within the department you have very strong internal policies and standards in relation to turnaround times for this kind of correspondence, don't you?

Ms Addison—That is correct.

Senator MOORE—Can you refresh me on what those are?

Ms Huxtable—Senator, I would not know the detail of the exact guidelines around how many days within which we would normally respond to these things. With regard to this letter, we would have to go back and check on our internal systems as to when or if the letter was received. We have the systems to track that, but it is not possible to do that at this time.

Senator MOORE—Clearly, within the agency there are guidelines for ministerial responses?

Ms Huxtable—There are guidelines, yes.

Senator FORSHAW—The date of that letter was 25 June. You cannot recall when you presumably received a copy of it?

Ms Addison—No, Senator, I do not have the details. I will have to respond to you on notice, I am sorry.

Senator FORSHAW—I can advise you that it was apparently re-sent on 18 November 2004 to the minister.

Ms Addison—Yes, I understand that.

Senator FORSHAW—You understand that? How did you understand that?

Ms Addison—If it is the letter that was referred to in Senator McLucas's question on notice, that was part of the question on notice.

Senator FORSHAW—You were here, I presume, when we asked some questions earlier about funds applying for exemptions?

Ms Addison—This is applying to products that they are developing and whether they have exemptions or benefit limitation periods?

Senator FORSHAW—Yes.

Ms Addison—Yes, Senator.

Senator FORSHAW—It was the discussion we had earlier with the ombudsman, Medibank Private and PHIAC. Can you tell me what funds have applied for exemptions?

Ms Addison—Could I clarify the question? All funds offer a variety of products and some of those products will have different kinds of front-end deductibles. Some will have no-gap products, some will have gap permitted products. Some will have exclusions or restrictions. A common exclusion in a product, for example, would be obstetrics. All funds will have those kinds of products with some form of exclusions, waiting periods et cetera within them. I would not have the details. There are some 4,000 to 5,000 products available and offered by health funds and I do not have with me the details of what might be in all of those products.

Senator FORSHAW—How do they make the application for exemption? Is it by letter?

Ms Addison—The system is that the health funds submit rule changes. Every health fund has rules by which they operate under their products. If, for example, they wanted to develop a new product with a particular kind of exclusion in it, they would lodge the rule change. If it is changed to an existing product, they would do the same thing.

Senator FORSHAW—Would they be required to include analysis, such as an actuarial analysis of the impact of the change?

Ms Addison—Not really. The rule change application process was deregulated from 1 July 2004. Basically, the fund notifies the rule change and it is largely self-regulatory in that sense. Could I assist with respect to the Australian Unity rule change.

Senator FORSHAW—I was going to come to that. I will not be very long. Who deals with the applications for exemptions? Is it your branch?

Ms Addison—Yes.

Senator FORSHAW—Who signs off on them or approves them?

Ms Addison—That does not apply anymore. Since the rule change process has been deregulated, it is a self-regulatory system. There is a rule applications processing system, which is essentially a database which retains all the rules. Health funds submit rule changes. If health funds are concerned about rule changes or they want advice on rule changes, they

will approach the branch and we might sometimes get internal legal advice, but we will talk to the health funds about the rule changes. Then they would submit them and they would be processed on the rule application database.

As part of the deregulatory system that occurred with respect to rule changes, we have established a monitoring regime. The rule change deregulation involved the introduction of performance indicators. They are qualitative measures, against which we are examining how health funds are performing. As part of that process, our performance monitoring framework is looking at where these potential breaches occur under that framework.

Senator MOORE—It is a double process. They introduce the change, advise you of the change and at the same time put it on the web site for public access.

Ms Addison—Essentially, yes.

Senator MOORE—So it is not an approval process, it is more an advice.

Ms Addison—That is right.

Senator MOORE—This monitoring is done internally. Is that right?

Ms Addison—Yes, that is correct.

Senator MOORE—It is part of someone's job to go through and check this?

Ms Addison—We do not go through and check it but through various sources we have information brought to our attention about rule changes that health funds make. They are still required to notify the rule changes. For example, the Private Health Insurance Ombudsman could be made aware or PHIAC might make us aware or a person who is looking to buy health insurance might ring us and ask about it, and then we would have a look at the rule. But, most often, health funds talk to us about their rule changes.

Senator FORSHAW—If you do not like a rule change, what do you do about it?

Ms Addison—There are steps set out in the act for how we deal with that. We would notify the health fund that we believe that their rule change might be in breach of the act under the new arrangements. We give them a chance to explain to what extent they think the rule change may or may not be compliant with the National Health Act and we either resolve the concern at that point or not. If the health fund were to persist in terms of making a rule change that we thought was in breach of the act, the ultimate sanction is for the department—either the minister or his delegate—to issue a direction which tells them that they cannot introduce the rule change. That would come with a statement of reasons and is challengeable in the AAT.

Senator FORSHAW—When a fund wants to introduce a rule change and they advise you of that, is there some lead time before it becomes operative? In other words, could they introduce a rule change, have it operate from a certain date and then advise you?

Ms Addison—It is really up to the health fund. There is no longer a notice period involved, so they can notify us of a rule change and effectively implement it straightaway. That is one of the reasons that health funds talk to us about those things before they change, if there are areas that they are concerned about.

Senator FORSHAW—So it is ultimately at their own discretion as to how much talking they want to do before they bring it in and how much notice they want to take of it.

Ms Addison—Yes, that is right.

Senator FORSHAW—If it were something other than what you believe is a breach of the act—if it were legal but may be seen to be undesirable or excessive—would you be able to take that issue up with them?

Ms Addison—Certainly.

Senator FORSHAW—Do you find that that occurs?

Ms Addison—We had one ongoing issue that was resolved only recently, which was about a health fund proceeding to offer a product which we thought was potentially in breach of the act. Through an ongoing dialogue with the health fund, eventually they agreed to discontinue that activity.

Senator FORSHAW—But that was one that was in breach of the act. I am trying to think of an example of where it is clearly not in breach of the act but may be seen to be totally—

Ms Addison—The question would be: what would be wrong with a rule change if it did not breach the act? You would have to think about the circumstances in which something might be undesirable if it did not breach the act.

Senator FORSHAW—That is why I asked whether those sorts of situations had arisen. I am sure there is probably one that I could think of one, I am just not able to at the moment. I do not have time to. For instance, you could introduce what could be seen to be a discriminatory type of provision but it may not necessarily offend the act.

Ms Addison—No, Senator. The act is very clear in terms of the community rating provisions with respect to discrimination in that regard, and that would clearly lead us down—

Senator FORSHAW—I was not talking about discrimination in the strictly legal sense. In any event, the funds are self-regulating. You mentioned Australian Unity. What was their main argument for applying for their exemptions?

Ms Addison—The Australian Unity rule change followed the dispute that the health insurance ombudsman referred to earlier in his evidence. One of the consequences of the dispute was that Australian Unity received a number of members transferring to their fund and making immediate claims. They felt that the number of people coming across and the level of claiming that was occurring meant that they were potentially being put at financial risk in terms of their prudential requirements. My understanding is that they approached the department in late 2003 about potentially putting in a rule change, and the department persuaded them at that time through discussions not to make the change. Subsequently, early in 2004, they returned to the department and made a rule change to introduce their benefit limitation period.

Senator MOORE—What period of time did all of that take?

Ms Addison—My understanding is that the dispute between Healthscope and BUPA was in September 2003.

Senator FORSHAW—So Australian Unity's argument was essentially that their viability would be destabilised because of the portability arrangements.

Ms Addison—That was their concern at the time.

Senator FORSHAW—People transferring from their fund to other funds.

Ms Addison—The mass transfer, yes.

Senator FORSHAW—Are you aware of an Access Economics report that was tabled with the standing committee on health on 1 June this year? They said in their report, in talking about this type of issue, that there was 'no empirical evidence that funds have experienced problems of this nature'. They also said, 'The reinsurance arrangements are the appropriate tool for dealing with this issue.'

Ms Addison—I am not aware of an Access Economics report that was—

Senator FORSHAW—It was tabled before a Senate committee earlier, as I understand it.

Ms Huxtable—Senator, was it this year or last year?

Senator FORSHAW—I am trying to find it. I do not have the document with me, so I will give that to you on notice. There is a review of the reinsurance arrangements going on. What is the involvement of the department?

Ms Addison—We are conducting the review.

Senator FORSHAW—Some of these questions have probably been dealt with in the answers received from the other witnesses. In the interests of time, we will have a look at the answers received and anything we have not covered we will put on notice to you.

Ms Addison—Thank you.

Senator FORSHAW—That is it for private health insurance, subject to questions on notice.

CHAIR—Not quite. I would like to ask a couple of questions about podiatric surgery. Is the department aware that MBF and some of the other funds are refusing point-blank to review the cover of podiatric surgery?

Ms Addison—Yes, I am aware that MBF in particular is not comfortable about covering podiatric surgery.

CHAIR—What is their answer?

Ms Addison—MBF believe that because podiatric surgeons do not have an MBS number there is no requirement for them to cover, and they believe they have legal advice which supports their position.

CHAIR—Has it been drawn to their attention that it is really against the spirit and the real intention of what the legislation is all about?

Ms Addison—We have only just very recently become aware of the issue with MBF in particular and we have commenced a dialogue with them about their concerns.

CHAIR—Do you think that the circular sent out by the department was a little bit weak in its direction—that it could have been possibly stronger in saying, 'This is really what this is meant to do'?

Ms Addison—There is always a fine line and a tension with circulars. What we try to do with the circulars is to make sure they are legally and factually correct. A concern would be, given their breadth, where those circulars go. Our legal area quite rightly keeps a very close watch on how we present information in the circulars to ensure that they are providing advice which cannot be misconstrued or is not misleading in any sense. That is not to say that, if it had been clearer in terms of the intent of the legislation, that would be the case. We do try to keep circulars very flat and factual because of the broad use made of them.

CHAIR—Is there the potential for a stronger message to be sent out in a further circular?

Ms Addison—We are currently looking at the circumstances and the concerns raised with MBF and we have sought our own internal legal advice. Certainly, once we have received that and considered it and had the discussions that we need to have with the health funds, then we will look at whether or not we need to put further advice out to the health funds.

CHAIR—What is MBF in particular doing about alerting their members to the fact that they will not cover podiatric surgery?

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

CHAIR—Thank you very much. No further questions on outcome 8? Thank you all, and I bid you farewell.

[8.27 pm]

CHAIR—We move to outcome 3, 'Aged care'. I welcome officers from the department. I invite Senator Humphries to ask questions.

Senator HUMPHRIES—I want to ask about the continence aids assistance scheme and how it operates. I understand that it is available to people of working age between the ages of 16 and 65 and that to qualify for access to the scheme you do not necessarily need to be in the work force. Is that the case?

Mr Mersiades—When the scheme was first developed, it was really a work force participation assistance scheme directed at people with incontinence to assist them to stay in employment. The criteria are built around that objective and therefore the scheme relates to people aged 16 to 65, but it extends to people over 65 if they work eight hours a week, or a figure like that—on a part-time basis.

Senator HUMPHRIES—It is available to people over the age of 65?

Mr Mersiades—Yes, but only if they are working a certain number of hours a week. There is a minimum number of hours per week.

Senator HUMPHRIES—Is it available to people under the age of 65 who volunteer?

Mr Mersiades—It does not apply to volunteers.

Senator HUMPHRIES—I had advice that it did apply to volunteers, but you are certain it does not apply to volunteers?

Mr Mersiades—Yes.

Senator HUMPHRIES—What is the average amount of assistance provided to people who qualify for assistance under the scheme? I assume it is a dollar amount which is provided to assist in the purchase of continence aids rather than the actual provision of the aids themselves.

Ms McDonald—There is an entitlement amount up to which individuals can claim products, to the value of $470 per year, against the scheme. I do not have figures with me on the average utilisation rates but we can certainly take that on notice and get that information back to you.

Senator HUMPHRIES—That would be great. Thank you very much. My next question is really a suggestion. With the emphasis the government is placing on people working beyond the age of 65, if they feel able, and the emphasis on keeping people with skills in the work force, I would imagine that there would be some long-term benefit in facilitating the involvement of people as volunteers in that sense, not necessarily just in paid employment but as volunteers in the work force, beyond the age of 65. My impression is that it is government policy progressively to remove that artificial age barrier in activities in general and I hope that suggestion might be taken up in a longer term sense. Obviously it is a policy question, but I simply make that comment. Perhaps I will make it again when the minister returns. Did you say that you had a figure for the total spent on the scheme in the last financial year?

Ms McDonald—Yes, I do. In 2003-04 it was $10.7 million.

Senator HUMPHRIES—Thank you very much.

Senator MOORE—Mr Mersiades, does the department have a role in negotiating the sale of residential aged care places and facilities between approved providers?

Mr Mersiades—The department does have a role. The primary role is to ensure that the entity that is purchasing is an approved provider. There are certain checks which are done to establish the bona fides, the track record and performance record of that provider.

Senator MOORE—In the process of the negotiation between the two entities, do they get in contact with you? Is that part of the process?

Mr Mersiades—That is correct. We do not engage in direct negotiations with the parties but they need to get certain approvals from us.

Senator MOORE—It cannot be finalised until that approval has been done?

Mr Mersiades—That is correct. It includes the transfer of places. There are a number of processes that we go through.

Senator MOORE—What mechanisms are in place to ensure that residents, staff and community are consulted and involved in the sale process?

Mr Mersiades—Under the act, if a sale results in a closure—

Senator MOORE—Which can happen.

Mr Mersiades—which can happen—there is a requirement that the security of the residents be taken into account. The service provider closing the facility is under an obligation

to ensure that alternative accommodation, appropriate to their needs, is found for the residents.

Senator MOORE—That is in the act itself?

Mr Mersiades—That is provided for in the act.

Senator MOORE—Is there anything in guidelines or in that kind of process that indicates what is appropriate consultation or that indicates in a marketing arrangement—which it is—that the people who are in the facility are consulted?

Mr Dellar—The process occurs in relation to the transfer application, which is our code for 'somebody is buying and somebody is selling' a residential service.

Senator MOORE—That is the term you use—the transfer application?

Mr Dellar—That is what we call a transfer. We expect the provider who possesses the service and the provider who receives the service to give us their proposal and their plan for ensuring that there is appropriate consultation. We do not mandate a particular form of consultation but we certainly expect that residents and their families be made aware at an early stage, be given an opportunity to understand what is going to happen and get plenty of opportunity to have their questions answered.

Senator MOORE—So somewhere in the documentation that you get, you expect that there will be some information about the consultation process.

Mr Dellar—Very much so, yes.

Senator MOORE—How does the department investigate and then offer the approval or, I suppose, the disapproval to the transaction?

Mr Dellar—I am sorry, Senator. I was trying to do two things at once.

Senator MOORE—It always pleases me to see people reading legislation.

Mr Dellar—These are in fact the principles. It is the part of the principles which essentially says that, if a care recipient is unhappy with the proposed transfer, the provider basically has to assist the care recipient to find an alternative which is suitable for that care recipient's needs.

Senator MOORE—When either the buyer or the seller provides documentation to the department, how they have done that needs to be advised.

Mr Dellar—How they have done that? Yes, that is correct.

Senator MOORE—Do you check it out? They give you documentation to say they have done this and this. Do you take it on face value and say, 'They've filled in that box,' or is there a process whereby you do ask them some questions?

Mr Dellar—We do not take the issue of transfer lightly. It typically involves a series of discussions and meetings between ourselves and the purchasers and the sellers. When I say 'ourselves', it is principally done through our state and territory offices. We also, of course, rely on the complaints resolution scheme. We remind residents of the availability of that service and any complaint is always dealt with through that process. I can get someone else to explain that, if you want that.

Senator MOORE—I think that would be useful. It is a key area and, at the moment, there seem to be a number of these—I have forgotten the term you used; something to do with transfer.

Mr Dellar—'Transfer' is our code word for the buying and selling of a place.

Ms Finlay—One of my responsibilities is to look after the complaints resolution scheme, to which Mr Dellar referred. The scheme is available to residents, their families and other parties who may have a concern or an issue about the delivery of an aged care service in the home they are placed in.

Senator MOORE—You are the complaint mechanism for any complaint in the home?

Ms Finlay—That is right. If, in the circumstances that you are exploring, a resident felt that there was a matter that affected their care or affected their circumstances, they could certainly contact the scheme.

Senator MOORE—Have the department representatives met with approved providers, with or without the minister, to advise on and negotiate the sale of aged care places and facilities?

Mr Dellar—I am not entirely certain what you mean, Senator. We meet regularly with providers that are either selling or proposing to sell, or thinking about selling, or buying or thinking about buying or proposing to buy. Anybody who wants to come and talk to us generally about how the process works and what is required is welcome to do that. So, yes, we meet with providers and potential providers quite regularly.

Senator MOORE—Does the minister have a role in the negotiation of sales between providers?

Mr Dellar—No.

Senator MOORE—Is the official sale of places and facilities publicly available information?

Mr Dellar—Yes. There are a series of things under the act which can be released: who are the providers, who owns places, what places there are, how much we have paid that provider over various periods of time and a whole series of other things. Certainly, if a new provider were to enter the industry or new places or places to be transferred, those things would eventually be reflected in the lists that we publish and keep on the web site of who owns what and where it is.

Senator MOORE—The departmental web site would keep that information?

Mr Dellar—Yes.

Senator FORSHAW—Would you put on the web site advice to the effect that there was a sale process under way?

Mr Dellar—No, Senator. We do not do that.

Senator FORSHAW—You wait until it is complete.

Mr Dellar—That is correct.

Senator FORSHAW—I would have assumed that you would not put commercially sensitive material on the web site.

Mr Dellar—That is right. We would not publish the fact that somebody had sought to purchase some places or someone else had sought to sell some places. But, after the transaction was completed, the transaction would be reflected in our information.

Senator MOORE—Are there guides in place to set the cost of aged care places?

Mr Dellar—No.

Senator MOORE—There is no standard cost for a high-care place to sell or a low-care place to sell?

Mr Dellar—No, there is no standard cost. In fact, it is a piece of information that the department essentially does not get. We do not ask what places are bought for or sold for. We do not regulate the price of a place at all.

Senator MOORE—In the documentation that comes to you, the cost itself is not something that they need to tell you?

Mr Dellar—They do not need to tell us. Occasionally we will notice because of other financial information that we might get. But we do not seek that information and it is not relevant to our decision to transfer or not transfer.

Senator FORSHAW—Do you keep any data on information you may become aware of as to the sale price?

Mr Dellar—Generally, no.

Senator FORSHAW—For information purposes.

Mr Dellar—The answer is no, we do not keep data in any form that would be useful. But I have just been reminded by a colleague that there are other people who do, from time to time, publish data about activities in the industry, sales, prices and the like. How good that information is I could not say.

Senator MOORE—You said earlier that you regularly have discussion with people who are in the market either buying or selling, or thinking about buying or selling. Do they ask you what the department would consider a fair price?

Mr Dellar—I am asked that question quite regularly, Senator, and I give the answer, which is, 'I don't know.' I really do not have any comment to make about that.

Senator MOORE—Are you asked it regularly?

Mr Dellar—Yes. I am the focal point for this discussion and, yes, I would say I am asked several times a month.

Senator MOORE—Does the minister have a role in approving the transfer of places between providers?

Mr Dellar—No.

Senator MOORE—Who does approve the transfer of places between providers?

Mr Dellar—The decisions are all decisions of the delegate of the secretary. As with most delegations, those decision-making powers are spread across the organisation. Typically, that particular power is with me and with the first assistant secretary and also with assistant state managers in our state and territory offices.

Senator MOORE—Where are you located?

Mr Dellar—In Canberra.

Senator MOORE—You are in the central office.

Mr Dellar—Yes.

Senator MOORE—And the assistant secretary is in the central office.

Mr Dellar—Assistant state managers.

Senator MOORE—You said yourself, the assistant secretary, and then the assistant state managers.

Mr Dellar—I went too quickly, Senator. I am the assistant secretary.

Senator MOORE—I am sorry. There were two people.

Mr Dellar—Nick Mersiades is my boss. He is the first assistant secretary.

Senator MOORE—Mr Mersiades, are you still in Brisbane or are you in Canberra?

Mr Mersiades—I am in Canberra.

Ms Halton—He has been here quite some time.

Senator MOORE—You have Canberra based delegates, and then, because of the nature of your organisation, you have state based delegates as well?

Mr Dellar—That is correct.

Senator MOORE—If a transfer is occurring in the state, is it expected that the delegation will be at the state or is it based on financial amounts?

Mr Dellar—No. The normative arrangement is that it is a state based officer that will make the decision. Where we tend to deal with it at a national level is where the matter is a multistate matter. For example, a provider might have services in two or three states or a purchaser might be purchasing in multiple states.

Senator MOORE—Something like the Salvation Army?

Mr Dellar—I would not like to—

Senator MOORE—No, I am just thinking of a large provider who has outlets in a number of states. That would be something that would tend to come to central office, rather than to an individual state—any organisation that has multiple sites across state boundaries.

Mr Dellar—That is correct. A big sale involving a number of states would be something that would be done centrally.

Senator MOORE—The only reason I mentioned that one was that it was in the media. There was no other particular reason. In terms of signing off on the decision to allow a transfer, that is done by the delegate that you have identified.

Mr Dellar—That is correct, yes.

Senator MOORE—Does the minister have any role in negotiating the transfer of places between aged care providers?

Mr Dellar—No. Almost all decision-making in the act is at departmental level, not ministerial level.

Ms Halton—This was me being completely prescient when I was first assistant secretary: most aged care decisions, Senator, are vested with the secretary.

Senator MOORE—The secretary of the department?

Ms Halton—There are a number of decisions which are ministerial decisions, but there is a clear distinction in the act.

Senator MOORE—Would you be able to tell us whether you have received applications for the transfer of places for particular providers? Is that something you can tell us?

Mr Dellar—Generally speaking, we would prefer not to. We would regard an application for transfer as a commercial-in-confidence business transaction of a provider.

Senator FORSHAW—But it can get out into the public arena, can't it?

Mr Dellar—It regularly does. If companies are listed companies, they are required to make public disclosures, and from time to time they do.

Senator FORSHAW—I am trying to understand why it would be sensitive to withhold that information. I would have thought it could well be in the public interest, if an application is made for a transfer of places, that it be made known.

Ms Halton—You can be talking very large transactions here, which may involve listed companies. If you are talking companies that may or may not be listed on the Stock Exchange, this sort of information is quite sensitive commercially. As Mr Dellar says, whilst we hold that information, we would regard it, given that there is a substantial commercial interest in aged care, as being commercially sensitive. Even if the current holder of a place might be a not-for-profit agency, the potential transfer of a place can be commercially quite sensitive. Others may put it in the public arena but we would tend not to.

Senator FORSHAW—I can understand that the cost value or the negotiations about it might be in that realm, but I am thinking more of just the actual decision by the operator or the owner to seek to transfer places or to put them up for transfer or sale. We know that the Salvation Army decided to, essentially, get out of the business, which inevitably means a transfer of places.

Ms Halton—Yes, sure.

Senator FORSHAW—I thought that was more in the public interest than commercially sensitive, as to what they ultimately negotiate may be.

Ms Halton—I accept that, and the reality is that with a big transfer like the Salvation Army—a large, well-known charitable organisation, not listed on the Stock Exchange—it is absolutely a matter of interest to the community more broadly. If this were one of our large commercial players—and there are a number of those—any suggestion that they were either

to divest or acquire large slabs of beds would be of interest to the market. I think that is the point here. I think it is important that we not make a judgment, as the department, about whether or not something is commercially sensitive. The reality is that for parts of the industry out there these things are going to be commercially sensitive. I take your point that there is probably a public interest in it, but in terms of the role we have to play, being mindful of the commercial side of this, I think Mr Dellar's answer is entirely accurate.

Senator MOORE—Mr Dellar, in terms of the answer you gave me, you said you generally would take that as commercial-in-confidence and not release it. Is there some internal guideline that says you do not release this information in any circumstance?

Mr Dellar—It is more than an internal guideline. I think it is section 86 of the act itself that has protected information provisions. It sets out in quite some detail what information the department can make publicly available and what information it cannot make publicly available. There is a long list of things that we can publish—for example, some of the things I mentioned earlier: who is the provider, the name and address of the service, the number of places that the service might have, how much money we gave them last year.

Senator MOORE—People use you as the basis of that information when they are trying to see where to go?

Mr Dellar—Yes. That sort of thing is publicly available. But, if it is not in the list, it is not a judgment call for us about whether a matter is confidential or not. It is not permitted under the act and so we do not do it.

Senator MOORE—If it not listed in the act, you consider that that cannot be released?

Mr Dellar—There is a general power for the secretary to release things in the public interest, but it is quite a demanding test and it does not just mean that a public servant might think it is a good idea. It has to be something genuinely in the public interest.

Senator FORSHAW—I thought you said a moment ago that there was a list of things that you cannot release.

Mr Dellar—I might have said that, but it is the other way round. There is a list of things we can release and then there is potential for an exemption by the secretary.

Senator FORSHAW—It works on the basis that it is excluded if it is not on the list?

Mr Dellar—That is correct.

Senator MOORE—Subject to secretarial discretion.

Mr Dellar—Yes.

Senator MOORE—That is the rule you operate on?

Mr Dellar—That is the rule we operate on.

Senator FORSHAW—What you are saying to me is that if we were to give you the names of some nursing homes and ask you whether or not there had been application for the transfer of places, you would not be able to tell us?

Mr Dellar—I think that the Senate estimates committee has some special powers in that regard, but outside of this room, absolutely, that is correct.

Senator FORSHAW—We would be anxious to obtain this information, but I am conscious that I do not want to put something on the record here that might circumvent what may well be a legitimate caveat, if you know what I mean. I am trying to proceed cautiously here.

Mr Dellar—There is a process—and you probably know it better than I—where if a public servant is concerned about answering a question, there is a way in which we escalate that.

Senator FORSHAW—If I were to read to you this list of names that I have here, that would identify them publicly, which is precisely what you are saying to me you cannot do.

Mr Dellar—That is what I am saying, Senator.

Senator FORSHAW—So I am not going to do that.

Mr Dellar—Thank you.

Senator FORSHAW—But I will think about whether or not we can proceed another way and whether or not you can answer the question. I think that is about the only way we can deal with it. Can I ask you this question. I will name this one. Is the department aware of any ministerial meetings early this year with parties to the potential sale of the Vaucluse Nursing Home?

Mr Dellar—No offence, Senator, but I would need to take that on notice. Could I just ask for some clarification? There are in fact a number of nursing homes called Vaucluse across the country. What state?

Senator MOORE—New South Wales.

Senator FORSHAW—Do you have to take it on notice?

Mr Dellar—I have to take that on notice.

Senator FORSHAW—Because you are not aware at the moment or because you need to seek advice as to whether or not you can answer it?

Mr Dellar—In fact, both of those things. I do not know the answer to the question and if I did know the answer to the question I would then need to take advice on whether I am permitted to provide you with an answer.

Senator FORSHAW—I understand what you are putting.

Senator MOORE—When you take this on notice, can you also see whether there were any departmental representatives involved in the meetings? Was the department involved in any way with meetings around the potential sale?

Mr Dellar—Certainly, Senator.

Senator FORSHAW—I think we will give you the rest of the questions on that issue on notice as well and you can respond accordingly.

Senator MOORE—We have a number of other questions which you are still needed for, Mr Dellar.

Senator FORSHAW—So that people are aware at this hour of the night: we have a whole range of issues we are going to run through, but I think many of them should not take all that long individually. Hopefully, we are following a format that works. We received some

statistics literally within the last couple of days, I understand—these were provided to, I think, Senator McLucas who is not able to be here at the moment—regarding the December 2004 stocktake. We were going to ask you why they had not been provided but I understand they have just been provided in the last couple of days. Any particular reason for the delay?

Mr Mersiades—No, Senator. Essentially, the stocktake takes a while to finalise. When we realised that they were completed and we had an obligation to respond to you, we attended to it.

Senator MOORE—This is an annual stocktake, Mr Mersiades?

Mr Mersiades—The stocktake is every six months.

Senator MOORE—So we asked on 17 February for the December stocktake. The next stocktake will be June or July.

Mr Mersiades—Yes, it will be a stocktake for 30 June but the stocktake will take a couple of months to complete, because we have to go to our state offices and there is quite a long process.

Senator FORSHAW—We would not get to ask the same question next time until November or so this year for the June figures. We can ask now.

Senator MOORE—We can put a pre-order in for the next time.

Senator FORSHAW—We are doing a stocktake in advance of your stocktake.

Mr Mersiades—We will put you on the mailing list.

Senator FORSHAW—Thank you.

Senator MOORE—I would have hoped we already were, Mr Mersiades.

Mr Dellar—The June stocktake forms the basis of a lot of our annual reporting, so there is a lot of information in our annual report and in the report on the operations of the Aged Care Act, which is another report we are required to submit.

Senator MOORE—We are definitely on the mailing list for the annual report, Mr Dellar, but that stocktake figure and the requests that we made at this process, can we put them on notice for the next stocktake—the data that Senator McLucas asked for at the last round of estimates? Can we actually say we want it automatically for the next one so that there will not be that delay in asking for it?

Senator FORSHAW—Can you tell me when the stocktake was finalised for December 2004?

Mr Dellar—Late in April. I do not know the exact date. Is that sufficient for you?

Senator FORSHAW—So the delay was caused by the time taken in the department to complete the stocktake?

Mr Dellar—It certainly did take us longer than normal this year. There was a particular reason: simply, that we had the largest annual aged care approval round for many years. That took longer to complete than we had anticipated. They are, largely, the same people in our state and territory offices that do both tasks. We took the view that it was much more important to complete the round before we completed the stocktake, so it did run behind.

Senator FORSHAW—Did it have to be cleared through the minister's office?

Mr Dellar—We always present the findings to the minister's office and give her information about what is happening. She is interested in it.

Senator FORSHAW—Particularly, this is in response to the answer to the question that was taken on notice; the figures were ultimately provided to us in response to a question taken on notice in the February estimates. I am asking whether that answer, providing those figures, would have to have been cleared through the minister's office before it was sent to this committee. Is that the case? There does not appear, from what you have said, to be any hold-up in that process, so I am not blaming the minister this time—at the moment. I am just asking: if you completed them in late April, they would then have had to have been cleared through the minister before we were provided them. Was that the case?

Mr Mersiades—Yes. The minister's office does get to see the answers.

Senator FORSHAW—That is what I would expect. Often, as you know, the answers may be prepared and then some time can elapse before it finally comes through to this committee, because of delays in other parts of the chain. What progress has the government made—in this case, the department—on the evaluation of the aged care accreditation system? I understand that that is taking place at the moment and you have held focus groups and so on.

Mr Mersiades—The evaluation is proceeding. My colleague will be able to give you a bit more information on what stage precisely it is at.

Ms Finlay—The consultancy has been engaged for the commencement of the evaluation. The consultants began their substantive work in February, having done some preliminary work in the December prior. A small technical reference group has been formed to assist with the evaluation, and the consultants are starting the process of discussing the issues around quality of life and quality of care as they relate to accreditation. They are starting those discussions with stakeholders during this month and also organising focus groups in residential aged care facilities across the country.

Senator FORSHAW—You have had some focus groups?

Ms Finlay—They are starting this month.

Senator FORSHAW—They have not been held yet?

Ms Finlay—No, they have not.

Senator FORSHAW—What is the particular purpose for the focus groups?

Ms Finlay—The purpose of the focus groups is to assess the differing perspectives that may be offered by the staff of residential aged care facilities, by the residents of the facilities, by their families, by expert people who work in the aged care sector—for example, GPs and allied health professionals. The purpose of those groups is to assess their opinions and views about how accreditation has influenced quality of life and care.

Senator MOORE—Are these mixed focus groups?

Ms Finlay—Yes, they are.

Senator MOORE—You have a number of people who are stakeholders, so there are not going to be separate focus groups for consumers, separate focus groups for families, that kind of thing?

Ms Finlay—I think the consultants' approach has been to encourage residents to come together. That is designed to create a supportive atmosphere for residents. They have also suggested to us as a technique that they might involve the families, so I would imagine that that sort of mixture would take place.

Senator MOORE—But separate from staff?

Ms Finlay—I think there would be separate discussions with the staff.

Senator MOORE—Who are the consultants?

Ms Finlay—Campbell Research and Consulting.

Senator MOORE—Have you used them before?

Ms Finlay—I am not aware that the department has, Senator, but I have not actually confirmed whether we have or not.

Senator MOORE—There are some consultants who specialise in an industry, so I was wondering whether we were regular users.

Ms Finlay—I believe that they did do some work in the food area for the portfolio but I do not have their detailed CV with me.

Senator MOORE—How much will the evaluation cost? What budget has been allocated to this aged care accreditation evaluation?

Ms Finlay—I will check on that.

Senator MOORE—If you can, tell me how much of a breakdown is put in that cost. Is all the allocation towards the consultancy service? Are there some departmental costs in servicing and analysing? What kind of breakdown do you have at this stage across those costings?

Ms Finlay—In light of the fact you are asking me for a more detailed breakdown, I think it would be best if I took that on notice.

Senator MOORE—That is fine.

Senator FORSHAW—Moving on, at page 181 of Budget Paper No. 2 there is an entry regarding the consultation on longer term reform. It states:

> The Government will provide $1.3 million in 2005-06 to fund a public consultation process to explore options for further reform of the aged care industry and to consider the outstanding medium and longer-term issues raised by the Hogan Review of Pricing Arrangements in Residential Aged Care.

Can you expand on this consultation process: the reason for it and what it is intended to achieve? Why couldn't this have been done as part of the Hogan review? There were a lot of consultations undertaken by Professor Hogan and his team.

Mr Mersiades—Professor Hogan's report identified I think six long-term options broadly to do with choice and competition, and he really did not develop those options. He put them on the table. He said some of them may turn out to be practical, some of them may turn out to

be impractical. The government, in responding to Professor Hogan's report, did signal after the previous budget that they would embark on a process of further consultation with the sector and the community about those long-term options and a couple of his medium-term recommendations, recognising that his medium-term recommendations were meant to be in the period leading up to 2008 and his long-term options were to be in the period after 2008.

Senator FORSHAW—Can you give me some idea of how the $1.3 million will be spent? Can you break it up?

Mr Mersiades—We will probably have to take that on notice.

Senator FORSHAW—I am happy for you to do that. But there is a plan that has been developed as to how this process will take place and what it will cost in its particular elements?

Mr Mersiades—Yes. We would have developed an indicative costing for the exercise. We would have to have done it for our colleagues in the department of finance.

Senator FORSHAW—I am sure you would have. If you could provide us with that information, that would be helpful; take that on notice. I am now relying on a press report; an article by Mark Metherell in the *Sydney Morning Herald* of 14 May:

> The Ageing Minister, Julie Bishop, has signalled a more user-pays focus on aged care, arguing for greater recognition of individual responsibility for accommodation costs, as distinct from care costs, which are heavily subsidised.

Can I take it from that that this review will be specifically addressing the issue of accommodation bonds, and also Professor Hogan's remarks on that? I am trying to remember exactly what Professor Hogan said; I do not have his report in front of me.

Mr Mersiades—Some of the long-term options and medium-term recommendations do touch on the issue of capital, so I imagine that the discussion paper will be discussing those issues.

Senator FORSHAW—So it is in the mix. I note also that Francis Sullivan, who is Chief Executive Officer of Catholic Health Australia and well known to this committee—and well known to the chair who I think has been in many an inquiry where Francis has appeared—has commented in the *Australian Financial Review* two days later on Monday, 16 May, obviously in response to media releases from the minister and public discussion of this review:

> "Going through another consultation is literally wasting time," Catholic Health Australia chief executive Francis Sullivan said. "The government knows the mood of the sector, it has already had a major inquiry, and it needs nerve not nuancing."

Do you have a comment about Mr Sullivan's observation? Apparently that is a view that is shared by others in the sector. It seems that there is not a lot of optimism about what the consultation process might produce, if that is the reaction of a major provider and a leading spokesman for the sector.

Mr Mersiades—I think I partly answered that question before when I explained that, as a result of the Hogan review, there was a good deal of work to be done around the longer term options which he had not really explored. I recall those comments that were in the *AFR* but at the same time I expect that there are probably just as many in the sector who would want to

be consulted on significant issues that Professor Hogan has raised about the longer term options. They are not trivial issues and could have a very significant bearing on the future structure and operation of the sector. It sounds like you could be criticised for consulting but also criticised for not consulting.

Senator FORSHAW—I think it is the nature of the consultation. When does consultation finish when the position of the industry or major providers is pretty clear? Anyway, Mr Sullivan is very capable of speaking for himself and, no doubt, has. Thank you for that.

Senator MOORE—Mr Mersiades, there have been some media reports regarding an appeal to the AAT by Chelsea Manor, an aged care facility, about their classification. Could you provide us with any information about this case? How many cases about classification decisions go to the AAT? I know it is an option. Is this something that happens regularly?

Mr Mersiades—Senator, your question is how many of the RCS decisions end up being referred to the AAT?

Senator MOORE—Yes.

Mr Mersiades—They are quite few in number. I am told that this is the first one in Victoria but there have been a number in some of the other states. I would have to take that on notice as to how many there have been.

Senator FORSHAW—It is a pretty rare occurrence.

Mr Mersiades—Yes.

Senator FORSHAW—Extremely rare.

Senator MOORE—I wanted to get that on record before I asked for some specific information. What can you tell us about this particular case: some background to the case?

Mr Mersiades—The outcome was that the AAT affirmed the department's assessment with regard to the downgrades.

Senator MOORE—Do we know how much it cost the department for legal costs for this process?

Mr Mersiades—Again, I would have to take that on notice.

Senator MOORE—That would be something that you would be able to find, wouldn't it?

Mr Mersiades—It would not be the easiest calculation to do. There would be a number of people partly involved over a long period of time.

Senator MOORE—I would imagine there would be ways of looking at the core cost as opposed to adding up half a person doing photocopying and that kind of thing. I do not want that degree of detail.

Senator FORSHAW—The legal costs.

Mr Mersiades—We will take that on notice.

Senator FORSHAW—Before you take it on notice, Mr Mersiades, who was the firm that was engaged to represent the department?

Mr Mersiades—It was Phillips Fox. They are on our panel.

Senator MOORE—You use a government panel. Is there a particular Health and Ageing panel?

Mr Mersiades—I believe it is a Health and Ageing panel.

Senator FORSHAW—When did this case conclude?

Mr Mersiades—Within the last month. We can get you the precise date.

Senator FORSHAW—How long did it go?

Mr Mersiades—One day.

Senator MOORE—That was the actual court case. Was your question more focused on the full case, as opposed to how long they were in the AAT?

Senator FORSHAW—Yes. There was a day in court, but presumably Phillips Fox were engaged for the preparation of the appeal, or to defend the department's decision.

Mr Mersiades—Certainly. Again, I do not have those facts to hand. We could take that on notice.

Senator FORSHAW—That is unfortunate. Has the department been presented with a bill from Phillips Fox? Do you know?

Mr Mersiades—We are expecting it shortly.

Senator MOORE—When we do get the detail, Mr Mersiades, I would imagine that you would not get just one bill, if it is like lawyers; they have probably been billing along the way.

Senator FORSHAW—You are not aware of whether they have sought progress payments for work done?

Mr Mersiades—No. We would have to check that as well.

Senator MOORE—Mr Mersiades, my understanding is that the particular aged care facility questioned a classification decision. What was the decision? What was involved? What was the core issue that led them to go through the process?

Mr Mersiades—I am advised that it revolved around the extent to which eardrops had been instilled regularly, on a daily basis, during the assessment period.

Senator MOORE—Whether that particular action or treatment was classified the right way? Was that the core of it?

Mr Mersiades—That is right. Apparently the eardrops were instilled only on the last day of that assessment period, not on a regular basis. I am advised that they were discontinued a few days later.

Senator FORSHAW—What did you have to do? Was there a downgrade of the RCS level and, therefore, the funding?

Mr Mersiades—That is correct. There was a downgrade and, therefore, the funding was dropped to a lower level, which was appealed.

Senator FORSHAW—To which level?

Mr Mersiades—We would only be going from memory, Senator.

Senator FORSHAW—Can I suggest from seven to six? Does that ring a bell?

Mr Mersiades—Six to seven?

Senator FORSHAW—Sorry, six to seven. That sounds right, doesn't it?

Mr Mersiades—It sounds about right, but I want to confirm it as being accurate.

Senator FORSHAW—How much would that involve? Did you have to then seek to recover funding on the basis of the downgrading? Is that the way it worked?

Mr Mersiades—Yes, and also there is a reduction in terms of looking out to the future.

Senator FORSHAW—How much did you have to try and recover?

Mr Mersiades—I think I can give you a daily figure. Just bear with me for a moment.

Senator FORSHAW—You must know this; this went to court. Surely the lawyers would have been briefed as to how much was involved and how much you were seeking to recover. You must know, surely. You do not go to court without knowing what the claim is.

Mr Mersiades—The issue is not the amount of money; it is really—

Senator FORSHAW—It is. That is what I am asking you about.

Mr Mersiades—It is about $7 a day.

Senator MOORE—Is that the daily difference between the classifications?

Mr Mersiades—That is correct.

Senator FORSHAW—In total, how much was the department seeking to recover? How much was involved in total dollars?

Mr Mersiades—It goes back to a maximum of six months, depending on how long the person had been in the home.

Senator MOORE—That is how far you can backdate a change in classification?

Mr Mersiades—That is right.

Senator MOORE—So from the time the original decision was determined, you can go back a maximum in terms of—

Mr Mersiades—That is right.

Senator MOORE—I am not going to try and do those figures.

Senator FORSHAW—I will have a go; about $2,000. Does that sound about right?

Senator MOORE—I can see at least three calculators being used in the room, which is fabulous.

Ms Halton—I am old-fashioned.

Mr Mersiades—About $1,260.

Senator FORSHAW—I have overestimated. You cannot tell us how much the legal costs are for Phillips Fox, but they are going to be considerably in excess of that amount, aren't they?

Ms Halton—Yes.

Senator FORSHAW—We all know what the cost of lawyers can amount to. Are costs awarded in these cases?

Mr Mersiades—AAT is a no-cost jurisdiction.

Senator FORSHAW—Sorry, I have to confess that I knew that, but I thought I would ask. I am not trying to be clever, but this is a jurisdiction where you cannot recover whatever those legal costs are. This had to go to court, did it?

Mr Mersiades—Sorry?

Senator FORSHAW—This had to go through the AAT to conclusion to get a finding.

Mr Mersiades—We did not take it to the AAT.

Senator FORSHAW—I know.

Mr Mersiades—It was the avenue available to the provider. For us, it had significant precedent implications.

Senator FORSHAW—Couldn't you resolve it in some other way? I appreciate who the applicant was—it was the provider—but this is one provider dealing with this big government department, the whole of the government, in the AAT.

Mr Mersiades—There is provision for an internal review, which was used as well, but that did not lead to a resolution.

Senator FORSHAW—Am I correct in understanding that the resident is now classified at the higher level?

Mr Mersiades—That could possibly be the case.

Senator FORSHAW—You don't know?

Mr Mersiades—No.

Senator FORSHAW—Could you take that on notice and advise me?

Mr Mersiades—Yes.

Senator FORSHAW—Thank you.

Senator MOORE—Mr Mersiades, you began to make a statement to Senator Forshaw earlier, and we were following a train of thought. Were you wanting to add to that? You began to say that it was not the cost that was important to the department. Before we ended the topic, I thought I would give you the chance to continue on that line.

Mr Mersiades—I think we covered it later. It was not the immediate cost of that particular instance; it was the precedence value.

Senator FORSHAW—I think I asked you about the classification of the particular resident involved. I would like you to take that on notice.

Mr Mersiades—Yes.

Senator FORSHAW—I understand that it is a much higher level, but you can advise us.

Senator MOORE—There were a number of budget initiatives that looked particularly at respite, because there had been such a significant debate in the community over the last few

months. I want to clarify a couple of things about how they work and what data was used. The proposal 'Senior Australians—increasing rural and regional respite services' is shown on page 205 in Budget Paper No. 2. There was a great deal of discussion leading up to this one. What data is available in relation to the use of respite beds in rural and regional areas? The theme of this particular proposal is concern about the use of respite, particularly in rural and regional areas. What kind of data is kept on which you can base that assessment?

Ms Halton—Particularly in respect of rural and remote services, multipurpose services would often be the place you would be interested in and—I hate to say this—that is—

Senator MOORE—It is in another program. I knew you would say that.

Ms Halton—It comes under rural health, yes.

Senator MOORE—Generally, Ms Halton and Mr Mersiades, in terms of the questions we have been asking through this program, if people are looking at the issue of respite and the area that would have the knowledge about respite and the people to provide advice and information, would it be your area that they would go to?

Ms Halton—Yes, absolutely.

Mr Mersiades—Generally, the issue with residential respite in mainstream non-metropolitan areas is that the usage is about 60 per cent, which is quite low. With multipurpose services, of course, there is no specific provision for respite. There is a pooling of resources, be it HACC money, be it aged care money, be it state government money. There is no specific provision there for respite and therefore the extent to which respite is delivered varies from place to place. The intention of this new policy proposal is that, if we are doing some for the metropolitan and the major regional areas, we should also be trying to do something for the provision of respite in the more rural and remote areas through the MPS mechanism.

Ms Halton—I think it is acknowledged, Senator, that respite is one of those things where there is almost an endless need. I know we have struggled over many years to find models—and it is with an 's' on the end—that work well for people, and everyone's circumstances are quite difficult, but I think, exactly as Mr Mersiades says, we know that in rural and remote areas finding ways, often for people who live in quite remote areas, to get a bit of a break is pretty tricky. This balances up, in a sense, what is a fairly significant effort. If you look at what we are investing in respite—certainly from when I was first involved in aged care—it has gone from nothing to a significant investment. This is kind of the bookend.

Senator MOORE—The information and knowledge have risen at the same time.

Ms Halton—Absolutely.

Senator MOORE—Now that this money has been invested, is there any proposal for some scrutiny of exactly how people take it up and what are the barriers to people taking it up in these areas? One of the issues for my question is to find where the information is, apart from anecdotal. Go to any regional meeting and people will complain at some stage about this issue.

Ms Halton—Yes, absolutely.

Senator MOORE—How are we going to quantify that so that we can see if we are doing better? If you are going to invest $9.3 million over four years, you need to see whether that is making a difference. Is there an evaluation structure in this process yet? It is early days.

Mr Mersiades—I imagine that my colleagues in the rural health area would be developing some sort of evaluation process.

Senator MOORE—They will be developing it because it belongs to them in the carve-up. Is this another area where there will be regular consultation between sections of the agency?

Ms Halton—Absolutely.

Mr Mersiades—Yes.

Senator MOORE—It is owned by rural health but, because of the respite facility, your division will have involvement as well?

Mr Mersiades—That is right.

Senator MOORE—If there is any further information about this scheme and how you are consulting and so on, can we get that?

Ms Halton—Sure.

Senator MOORE—That is the purpose of the question.

Ms Halton—Of course.

Senator MOORE—The next question is along the same lines and you may tell me immediately that it belongs somewhere else: overnight cottage respite?

Mr Mersiades—Yes, that is ours. We can provide information on it.

Senator MOORE—We might put these on notice, Mr Mersiades. How did the department determine the amount of funding? How will the respite be made available? How will the department ensure that respite is available in areas of need? We will put that on notice, but you can see it is down the same line. The other one is the residential respite funding increase in Budget Paper No. 2, at page 206. There is the same series of questions on notice.

Ms Halton—That is fine.

Senator MOORE—You can see where we are coming from. The third part of the same thing is 'Senior Australians—respite to assist employed carers'. We will ask some basic questions on notice on all of those.

Mr Mersiades—Yes.

Senator MOORE—No. 11: can you tell me the number of aged care residential beds that will not be offered in 2005 because of the government's reduction in the ratio? The government has changed the ratio for how aged care beds are allocated. We have talked about this ratio many times.

Mr Mersiades—We will also tell you how many extra community care places will be offered.

Senator MOORE—We are keen to know that but just in terms of the straight ratio, which has been around for a while, what is the number of aged care beds that would have been

allocated that way, and compare that to the new ratio. We are more than happy to have you provide the next question, how many community care beds there are, to build up the whole picture. The issue of the ratio has been longstanding, in my understanding, well before I came on the committee, about how it operates and how many beds and all those things.

Mr Mersiades—The ratio was 100 residential initially, and it has gradually slipped down a bit.

Ms Halton—No, we need to be absolutely clear. The ratio has not changed, other than an increase. The balance inside the ratio of how the places are provided—

Senator MOORE—In terms of residential aged care, yes.

Ms Halton—Correct.

Senator FORSHAW—You are recalling your former days.

Ms Halton—I know. I am reverting to form!

Senator Patterson—The thing is, Senator Moore, that if you ask people, their primary objective is to stay at home.

Senator MOORE—Most people.

Senator Patterson—Yes, most. Some do not, but the majority of them would try and stay at home as long as possible. We need to be very clear. I just re-emphasise what Ms Halton said. The number of places and assistance available has not changed. It is the ratio of the type. There are more people per 1,000 aged over 70 having access to assistance, whether it be in residential care or at home, than there have been. I think that has got to be very clearly on the record. That is to accommodate the different expectations and preferences of people who are older. And I have not lost the plot yet, because I still take a very keen interest in the area.

Senator MOORE—I hope that my question reflected that I am looking at exactly what form of care is available so that when people are looking at what is available they can see what their option is. If we can get that information, that would be good.

Senator FORSHAW—I take your point, Minister, but can I make the other comment that needs to be very importantly taken into account here as well. With an ageing demographic, even though more people may be wanting to stay at home, the ultimate demand for places may still be increasing over time. In other words, there is that factor as well that is impacting, and that particularly will impact presumably at the higher age levels.

Ms Halton—Yes. I think what we know now that we did not know 15 or 20 years ago is that you can provide high-level dependency care to people in the community. This is a question of maturing, and our aged care sector is probably one of the most mature in the world; I think it genuinely is world leading. This is principally led by our providers innovating. It is partly a government initiative but, also, our aged care providers have been very interested in pushing the boundaries, in finding out whether you can keep people at nursing home levels of dependency in the community, if that is what the person wants. I think your point is absolutely right: for some people residential care is appropriate and what they want; that is fine. But there is a cohort of people, and it is quite a large cohort, who, even

though they are at nursing home level dependency, want to stay in the community. It is about finding that balance within an aggregate level of provision.

Senator FORSHAW—Yes. We could discuss this all night. It is important. That is why I have said on previous occasions that the concept of promoting facilities which integrate self-care residential accommodation with high care, or the old hostel arrangement as well, is an initiative that needs to be pursued and is being pursued by some of the major providers.

Ms Halton—Yes. We do not have an argument with that.

Senator BARNETT—I want to follow up on that. I think your responses are very helpful, Ms Halton. In terms of the totality, in the response back, rather than just the residential aged care places, can we get a response on the community aged care places and the totality of the places that the government has provided over past years, what we are providing now, and the projections for the next years.

Ms Halton—Mr Mersiades can go through the structure with all the places.

Senator BARNETT—I think that point is important.

CHAIR—I think ratios are an important thing, too. Could we have the ratio listed?

Senator BARNETT—Yes, that was my second question. I was just going to clarify the ratio. I think you said it had gone up?

Mr Mersiades—It had gone up from 100 to 108.

CHAIR—But the 100 ratio was in that a decade ago.

Ms Halton—No, it was more than that.

CHAIR—More than a decade ago?

Senator BARNETT—And it has only recently gone up?

Mr Mersiades—Yes, only in the budget before last. It was increased from that 100 to 108 and within that there was a rebalancing so that the community care became 20, increased from 10. It was the low-care balance which was reduced by two, which is more closely aligned to the community care side because, while high-level care can be provided in the home, it is more common at the lower level. It gave people choice.

Senator BARNETT—In their home or in a residential facility?

Mr Mersiades—We extended the extent of choice that people could have, where they have lower care, in particular, delivered at home or in an aged care home.

Senator MOORE—I hope we remember that question, Mr Mersiades.

Ms Halton—The critical numbers you need are 108 and 20.

Senator FORSHAW—The innovative pool project: this is the program for pilot projects for innovative methods in aged care for, say, young people with disabilities.

Senator Patterson—It is an interesting program, taken up by one state—one state only—for a group of young people with disabilities.

Senator FORSHAW—You have given me the answer. Do you want the question?

Senator Patterson—I will answer it, because—

Senator FORSHAW—I have not asked the question yet.

Senator Patterson—I will tell you why I take an interest in it.

Senator FORSHAW—I did not say you did not take an interest in it.

Senator Patterson—I have a real concern about young people inappropriately placed in nursing homes. We have an innovation fund and nobody except—

Senator BARNETT—Which state?

Senator Patterson—Victoria.

Senator FORSHAW—Excuse me, I started asking questions about this. Can I at least have the opportunity to ask the question?

Senator Patterson—I just want to put on the record that I feel very strongly about this. It has been sitting there for a couple of years.

CHAIR—Order!

Senator FORSHAW—Minister, if I ask the question you can give me the answer.

Senator Patterson—No, I will just tell you the state of play right now.

Senator FORSHAW—I understand—

CHAIR—Order! Hold on. Hansard now has a problem taking down three voices at once.

Senator Patterson—I have been constrained all day, Senator.

CHAIR—Senator Barnett asked which state.

Senator Patterson—I said Victoria. I have been very constrained all day, but on this issue I feel very strongly.

CHAIR—That is fine. Senator Forshaw?

Senator FORSHAW—Thank you. How many innovative pool places that have been taken up across the entire scheme were not used in 2004-05? I have heard what you have said about the response from the states. I am not going to sit here and argue some defence for the states. I am not going to go into that area. You have made that point. Can you answer that question, or can somebody answer that question?

Ms Creelman—The innovative pool is a pool of flexible care places which has been available since 2001-02. It allows the Australian government in partnership with other stakeholders, including state and territory governments, to allocate places to services that will pilot the provision of aged care services in new ways and via new models of partnership and collaboration. There have been a number of categories targeting emerging issues and policy priorities through the innovative pool. Some of those categories have been around the interface between aged care and hospital services, like the innovative care rehabilitation services pilots, which have laid the groundwork for what is now the mainstream Transition Care Program.

Some of the categories have been around other areas of interface, including the aged care and disability services interface. Within that category of the aged care and disability services

interface, if that is the area of interest, you could say that there were two subcategories. One has targeted the needs of people with disabilities who are ageing—people who are living in disability supported accommodation. As they have grown older, they have developed aged care related needs—for example, dementia—on top of their disability needs. That particular subcategory is testing whether aged care support provided in their group home can assist them to age in place. That is one subcategory of the disability and aged care interface. There are nine pilots in that subcategory and they are being evaluated.

The other subcategory, which I think is the one that was being alluded to, is offering the opportunity for collaboration with state and territory governments to move young people with disabilities inappropriately placed in residential aged care out of aged care and into disability supported accommodation. That subcategory has so far attracted one proposal. It is the one in Victoria and I can give you more information about that particular project. But there is only one project in that subcategory at present.

CHAIR—A very fine project it is, too.

Ms Creelman—It is indeed.

Senator Patterson—It is just a shame there are not some more.

Senator BARNETT—Why only one? What is the reason for the lack of interest from the other states, may I ask?

Ms Creelman—I cannot, I am afraid, Senator, speak on behalf of state and territory governments other than to say it has been offered.

Senator BARNETT—Can the minister respond?

Senator Patterson—I can answer that. We have a Commonwealth-state disability agreement and the states supposedly take responsibility for young people with disabilities in their care. We have taken responsibility for employment services, disability services like supported employment services and disability business services which many people still refer to as sheltered workshops. The states have a responsibility for accommodation and respite. I have to say that very few states do well on that issue. Most of them do poorly, although Western Australia has had some significant advances and I have to give them some credit for what they have achieved; but there is still a long way to go. This innovation fund has limited funding to assist in getting these off the ground. Some of them have resisted because that means they will have to take the responsibility. But this is the Commonwealth working to try and demonstrate innovative ways in which we can appropriately place these young people, and they have not come to the party. It is a bit like the $75 million for respite for older carers with disability, which we had in the last budget. Western Australia was the first to sign up. I have two states I have not even heard from a year later.

CHAIR—Carnegie is absolutely outstanding. As you say, Victoria is the only one. Are there any others in the pipeline? Nothing in the pipeline?

Ms Creelman—There are some proposals that are being developed, we understand, in some other states. We do not have any formal applications to consider but we do understand from our state and territory officers that some state governments are in discussion about opportunities under that initiative.

Senator Patterson—How many years later? Two years later? Three?

Ms Creelman—That opportunity has been available since 2002-03.

Senator Patterson—They have rushed towards it, Senator!

CHAIR—While we are on that subject, Senator Barnett had another question.

Senator BARNETT—Thanks, Chair. I want to clarify the breakdown from the various states of that group you are talking about, the young people. You have people with disabilities and then you have young people with disabilities. Across the country, how many people are there with disabilities, firstly in an aged care facility, and how many young people are there in an aged care facility? Can you assist us on that?

Ms Creelman—The data we collect answers the question of the age of people in aged care homes. We do not collect data on the disability or condition of people in aged care homes. I can tell you how many people there are under the age of 65 in aged care homes or under the age of 50.

Senator BARNETT—Under the age of 50 would be good.

Ms Creelman—Under the age of 50 there are approximately 1,000 people across Australia in aged care homes. Obviously the number varies slightly but it is approximately 1,000.

Senator BARNETT—Can you possibly break that down state by state for us, either now or on notice?

Ms Creelman—I can take that on notice, yes.

Senator BARNETT—That would be appreciated.

Mr Mersiades—The difficulty is that with the smaller states the numbers become very small and there may be privacy issues.

Ms Halton—I was about to say, Senator, that what we might do is give you beneath 50 and then the 50 through 64s, because in a couple of states we are going to have to give you the total figure. That way we will not have a privacy issue, because I think the aggregate in the numbers in those smaller states will mean that we cannot give you a number at all.

Senator FORSHAW—A lot of this has been covered in our separate Senate committee inquiry.

Senator BARNETT—I would like the up-to-date figures.

Ms Halton—We are happy to give them to you, but I am saying that I think it is better to give you the figures up to the age of 65 in different categories and then in some states where the cell numbers are too small we will aggregate to the bottom. At least you will get a feel for how many across the state are aged below 65.

Senator BARNETT—In each state?

Ms Halton—Yes. It just means that you will get a number in some of those states where otherwise you would get a zero or an asterisk.

Senator MOORE—Ms Creelman, is the information about the innovative pool on your web site?

Ms Creelman—Yes.

Senator MOORE—I know everything is there but I have been defeated in finding the innovative pool on your web site.

Senator Patterson—That might be the reason why they have not come rushing—

Ms Creelman—I can give you the pathway.

Senator FORSHAW—They might be too busy trying to work out how to get people out of public hospitals that should be in nursing homes, but we will not go down that track. We would be here all night.

Senator Patterson—There would be 6,000 or so if they took their responsibility for more beds.

Senator FORSHAW—If you want to debate these issues, Minister, we will do it another time.

Senator Patterson—No, I will debate it now.

Senator FORSHAW—As you know, the states are picking up the tab for a lot of people in public hospitals who should be in nursing homes.

Senator MOORE—Ms Creelman, I was interested in your original response, which seems such a long time ago. You said that there are some successful programs that have been working under the innovative pool.

Ms Creelman—Absolutely.

Senator MOORE—Is the detail there about what kinds of programs have been picked up?

Ms Creelman—Yes.

Senator MOORE—That is what I am seeking. This may be something that you are not able to answer, Ms Creelman: I am interested in the term 'innovative pool'. Variations of the term are popping up in a number of departments at the moment, and I am wondering whether this is a new piece of technological language that is going around. At least three departments are now using the term 'innovative pool' to describe programs. Does anyone know where it comes from?

Mr Mersiades—We have not patented it, Senator. We have been using it for quite a few years.

Ms Halton—We have been using it since 2001.

Senator MOORE—I think that it is important that the kinds of projects that have gone through the process and have been successful are known.

Ms Creelman—There is a brief description of each of these projects—

Senator MOORE—And then an encouragement to go back to you and find out more, yes.

Ms Creelman—by states. It is on our web site. You need to take the pathway for 'health professionals', 'aged care', 'community care', 'aged care innovative pool'.

Senator MOORE—Thank you very much. In terms of conditional adjustment payments, exactly what is the purpose of obtaining audited financial reports from the sector?

Mr Mersiades—It is a threefold objective. One is to strengthen the overall corporate governance and financial performance management over time of the sector. This follows on from Professor Hogan's overall finding about the management performance of the sector. This will provide comparative information for providers. The second objective is to improve the prudential arrangements for accommodation bonds, because residents and prospective residents will have access to this financial information, not only from the point of view of the security of their bonds but also in terms of security when entering into ongoing relationships with providers. Finally, the information will allow analysis to support policy development within the government.

Senator MOORE—Mr Mersiades, this particular payment is linked to receiving some funding from the government, is it not? The expectation that providers will provide audited statements is linked to funding from the department.

Mr Mersiades—Yes. That is the 1.75 per cent, increasing over four years.

Senator MOORE—My understanding is that there is some concern amongst providers about meeting the deadline to have their audited financial statements back—is that right?

Mr Mersiades—Yes, we have heard that. That is why the arrangements allow for a transition period. It was recognised that there is a significant variation within the industry, from the small providers right through to the publicly listed companies. We recognise that not all of them would have financial systems in place to be able to achieve that reporting date, hence there is provision whereby they can seek exemptions from us over a transition period.

Senator MOORE—The requirement, though, is for all providers, isn't it? This is a requirement for everyone in the industry who receives funding.

Mr Mersiades—Sorry, I do not understand your question.

Senator MOORE—There are no providers who are exempt from having to fulfil this requirement at some time.

Mr Mersiades—Eventually, they will all be required to fulfil the requirement—that is correct—unless they choose not to accept the 1.75 per cent rising.

Senator MOORE—Do you have any indication of how many providers would choose that second option? Have you done any modelling on that?

Mr Mersiades—We assume that virtually zero would. Our costings assume that they would all accept it.

Senator MOORE—So you have done the budget on the basis that everybody would fulfil the requirement?

Mr Mersiades—Yes.

Senator MOORE—What happens if a provider cannot meet the deadline? What is written into the guidelines if they do not meet the deadline to have their audited statement back?

Mr Mersiades—In the first year they can apply for an exemption.

Senator MOORE—That is right. What happens if they apply for an exemption and still do not make it?

Mr Mersiades—They can apply for a different reporting date; an exemption from the specified one.

Senator MOORE—What is the current reporting date?

Mr Mersiades—31 October, which is the standard reporting date.

Senator MOORE—What you would be telling providers is that that is the reporting date but if they do not think that they can meet it they can ask for an extension.

Mr Mersiades—That is correct.

Senator MOORE—Do you have any idea what form the extension will take? Will it be for a year, six months? What is the protocol for that?

Mr Mersiades—We will make a judgment on that, depending on the case that is put by the provider.

Senator MOORE—Who is the delegate for determining whether someone can—

Mr Mersiades—The secretary has the delegation.

Senator MOORE—Is it a delegated process? Have you, Ms Halton, given it out to your state managers?

Ms Halton—The decision can be taken by a delegate. I have to say that I have received a small number, but a number, of letters asking for exemptions. They will go to Mr Mersiades and be considered.

Senator MOORE—But you still personally have that delegation?

Ms Halton—Yes. The delegation is departmentally held—that is, with me.

Senator MOORE—What is provided in the process of this particular conditional adjustment payment for a provider that does not meet the requirement to come up with their audited financial statements or says to you, 'We can't do it'?

Mr Mersiades—We would assess each case and see whether we can adjust the reporting date or make some other arrangement.

Senator MOORE—Do they already have the money?

Mr Mersiades—Yes.

Senator MOORE—The payment went out, so they have the money.

Mr Mersiades—The money started flowing from 1 July last year. If an extension or an exemption was not given for various aspects, the funds would cease from 31 October until they complied with the condition.

Senator MOORE—In terms of 31 October this year, people give you their audited reports or they ask for an extension. If they do neither, what happens? Is their money stopped?

Mr Mersiades—We would chase them up, in the same way that we do with the training statement, particularly given that it is the first year. We will be actively working with the providers to ensure that everyone knows what is going on and what is expected of them. We do not expect people to fall between the cracks.

Senator MOORE—How many providers met other conditions required to obtain the conditional adjustment payment—the work force census and work force training?

Mr Mersiades—There was always intended to be a work force census every two to three years. The next one is slated for around 2007. The training statement was required to have been submitted by the end of February, from memory, or the end of March.

Senator MOORE—2005?

Mr Mersiades—Yes—31 March.

Senator MOORE—How many did you get back?

Mr Mersiades—Except for two, everyone returned a training declaration, and 18 were late.

Senator MOORE—What will happen to the two who did not and the 18 who were late?

Mr Mersiades—The 18 who were late had their conditional adjustment payment terminated for one month until they were able to submit their training declaration form. Of the other two, one service was closing down and the other one we are still having some discussions with. There is some confusion about how they approached this exercise.

Senator MOORE—The experience from that process was that if you stopped the payment they came good?

Mr Mersiades—With the 18, yes. Again, this was a process where we worked closely with the sector. We did not sit back and just wait for them to come in; we reminded them regularly of this requirement. We wanted to be sure that it did not end up in someone's bottom drawer and not be acted on.

Senator MOORE—You used your regional staff to do that?

Mr Mersiades—Yes.

Senator MOORE—Will the government report publicly on the outcomes? Where will people be able to find out who met the requirements: who put in their financial statements and census and details of their training process?

Mr Mersiades—As part of the Hogan exercise response, there is also provision to develop a consumer web site, which will have a lot of information on it. We have a prototype up and running, but we also have in mind to work with consumers in particular to expand the content and coverage of it. It is quite likely that this sort of information will also be available on that web site.

Senator MOORE—Have your providers shown interest in using the web site? Is that a method of communication that has been requested or tested in some way to show that that is the best way for this group of people to get information?

Mr Mersiades—As part of developing the web site, we have conducted a number of focus groups and we also have a reference group which assists us with the content and the style and the look of the site, so that it is being developed in a way which is taking a lot of notice of consumer and provider requirements.

Senator MOORE—We have talked about the training declaration form previously. Can you tell us exactly what the provider has to do? What form does that take?

Mr Mersiades—They have to certify that they have undertaken training in the period concerned.

Senator MOORE—In this case, it would have been the first 12 months.

Mr Mersiades—There is also provision for them to give a description of the nature of the training that was undertaken.

Senator MOORE—My understanding is that the provider fills out the forms and then certifies that it is a true and correct response and forwards it to you. Is there going to be any process within the department to check the accuracy of those forms?

Mr Mersiades—Not at this stage. But there is a provision in the form that it is a criminal offence to provide misleading information.

Senator MOORE—Is that highlighted on the form?

Mr Mersiades—Yes.

Senator MOORE—How many work force census forms were sent out?

Mr Mersiades—This was the census that was undertaken prior to the CAP condition?

Senator MOORE—Yes.

Mr Mersiades—I do not have those figures to hand. That was done 18 months or so ago.

Senator MOORE—Is this the same census format that you expect to have every two years now?

Mr Mersiades—Essentially, because you need to have that continuity. That does not mean that we cannot develop it as well.

Senator MOORE—Can you find out how many were sent and how many were returned?

Mr Mersiades—A very high proportion were returned. We will take that on notice. I think we have provided it once before but we will do it again.

Senator MOORE—I cannot find it. I know we have discussed the focus before, but if we can get that information it is one way of looking at the responsiveness of the industry.

Mr Mersiades—Yes.

Senator MOORE—This is one methodology to see, when the department sent them out—after advising providers of the changes—how many of the providers took the trouble to sit down, fill out the form and return it. If we can get that information, that will be good.

Mr Mersiades—We will do that.

Senator FORSHAW—Will every approved provider be able to comply with the requirement to provide the audited financial statements?

Mr Mersiades—Our expectation is that they will be able to do so. We are working on that assumption.

Senator FORSHAW—I do not mean in relation to time. I will explain it further. As I understand it, there are structures in place in the industry, particularly in the not-for-profit sector, where there may be unincorporated entities or entities which are under a specific umbrella—for example, a religious based service. Assets are owned by one entity, the approved provider is another entity and the staff is employed by another entity—that sort of mix. In that situation, could it happen that the provider provides what, in effect, becomes a nil or a zero entry?

Mr Mersiades—There is no question, yes.

Senator FORSHAW—How would you deal with that situation?

Mr Mersiades—There is no doubt that there is infinite complexity out there amongst the organisational structures of some of our providers.

Senator FORSHAW—It is not confined to this industry, by the way.

Mr Mersiades—No. I am sure that is the case. To the extent that these issues come to our attention, and as we understand the system more, the objective will be to work with the industry to make the modifications so that the objectives of the conditions can still be achieved.

Senator FORSHAW—But it is possible, isn't it?

Mr Mersiades—It is possible. It is very difficult to foretell the complexities in every instance.

Senator FORSHAW—It could be possible in the for-profit sector too, couldn't it? There may be incorporated entities but there is still some structural arrangement where the approved provider is not in a position to provide an audited financial statement, as required?

Mr Mersiades—Yes. I would not rule that out. On the other hand, the general purpose financial statements are quite comprehensive in the standards that back them in terms of related company relationships and those sorts of things. We really need to see how that plays out to see whether significant gaps arise.

Senator FORSHAW—Has any consideration been given to this potentiality?

Mr Mersiades—It has come to our notice and we are considering it.

Senator FORSHAW—That would be a way for a provider or an entity, a series of entities, that really did not want to be too cooperative to at least try and avoid compliance.

Mr Mersiades—It could be. As well as that, people structure their organisations in particular ways for a variety of reasons, and there could be particular consequences for the processes that we put in place that we need to adapt to over time.

Senator FORSHAW—Yes. I would not make this as a sweeping statement or even as a specific allegation against any in this industry, but we do know that across the industry generally those devices can be used for those purposes—to avoid scrutiny. I could take you into the industrial relations area and show it to you, but that is another debate. Thank you for that. I have some quick questions on the aged care funding instrument. This follows on from the Hogan review. It is intended to have a new funding system based on the aged care funding instrument. Where is that at? I understand it is to be trialled this year.

Mr Mersiades—That is right. A small pilot was conducted during May and a large trial will be commencing in early July or thereabouts, and will go through until towards the end of the year. The trial will involve something like 750 providers and about 7,000 residents, so it is quite an extensive trial.

Senator FORSHAW—Is there any allocation in the budget for this trial and, if so, how much is it?

Mr Mersiades—There was not specifically for this trial. There was an allocation for developing the new funding model. That would have been provided for in last year's budget. I am not quite sure whether we have the figure to hand.

Ms Finlay—Work was done last year on looking at the options for a new funding model. The company involved in doing that work with us—the contractor involved—was Applied Aged Care Solutions. The total value of that work last year was $213,187 and it was completed in December 2004. On the question of the cost of the national trial, at the moment we are working on an estimate because we are in the process of sorting out the details of how the trial will work for the remainder of the year. I would expect it would be something in the order of between $800,000 and $1 million.

Senator MOORE—But next financial year?

Ms Finlay—Into next financial year, that is correct, Senator.

Senator FORSHAW—The next financial year being?

Ms Finlay—From 1 July 2006.

Senator FORSHAW—2006-07?

Ms Finlay—That is correct, yes.

Senator FORSHAW—Yes, I understand. Is there a fact sheet available on the new funding instrument?

Ms Finlay—There is a considerable amount of information available on the web site. If you wish to look at the information, if you enter 'aged care funding instrument' in the search engine, you will be able to find it quite readily.

Senator FORSHAW—I might get someone else to do that. I have got my laptop working again; I do not want to jinx it! You provided us with an answer to question EO5-134. This was a question from Senator McLucas in the additional estimates in February. Those questions went to the process for the development of the RCS funding instrument tendering process and so on. What measures will be introduced to ensure that residents are reclassified appropriately? If a person is allocated to a lower RCS level than they need, how do you ensure that they do not miss out on services?

Mr Mersiades—Senator, are you talking about during the trial?

Senator FORSHAW—Is this going to be examined in the trial? As I understand it, effectively the decision has been made to compress the number of levels back from—what is it, eight?

Mr Mersiades—Yes.

Senator FORSHAW—To four, is it?

Mr Mersiades—Three, plus two supplements. That is the broad structure. During the trial itself, it is not going to affect anyone's assessment for funding purposes, so there will be a comparison that is going to be able to be made between the standard RCS assessment and the one that is done through the ACFI. That is one of the key features of the trial.

Senator FORSHAW—In answer to the written question on notice, which was, 'Will there be any measures to ensure that residents are reclassified appropriately?' the answer was yes. Can you tell us what those measures are, or are they to be developed as a result of the trial?

Mr Mersiades—They will be developed as a result of the trial.

Ms Halton—Senator, that is, in a sense, part of the current system. It is a validation process to make sure that your classification is accurate. We have that requirement now. We need to make sure that the person's classification is correct.

Senator FORSHAW—The concern is that in the long term, where you have a reduced number of classifications to what you have now, because the bands presumably are broader there is potential for persons to maybe end up just underneath or in a lower classification, simply because they do not reach the band for the new classification.

Ms Halton—That is true.

Senator FORSHAW—How do you ensure that services and therefore funding that they would have otherwise received under the current one are maintained?

Ms Halton—And if you think about it, that is exactly analogous to the current situation. There are some people who are at the top part of a band or the lower part of another.

Senator FORSHAW—Yes, I appreciate that, but I suppose the concern is that the potential for that to impact—

Ms Halton—Will be more pronounced.

Senator FORSHAW—will be more pronounced on people who are currently classified.

Ms Halton—Yes, and that is a fair concern. I think one of the reasons why, when we are doing these kinds of big transitions, we have a large-scale trial, as Mr Mersiades has outlined, is so that we can actually map what happens to people based on the current classification versus the new classification scheme. Our expectation is always that people will receive the services that they need, but we need to look and see how that new instrument will map.

Senator FORSHAW—Yes, but if the funding is not there then the pressure is greater for those services to be cut back.

Ms Halton—Indeed, and the objective is to get the funding to people in respect of the services that they need, but we need to see how it works in the field.

Senator FORSHAW—Yes. I am not asking you to commit to this, but it could be possible that you could build in transition arrangements for existing residents.

Ms Halton—That is theoretically possible.

Senator FORSHAW—Theoretically possible, yes. I was not trying to lock you in.

Ms Halton—Excellent, Senator!

Senator FORSHAW—The minister is not here.

Ms Halton—No. That is right.

Senator FORSHAW—She might have agreed to it! There are a number of other questions on that instrument that we could ask but in the interests of time—

Ms Halton—Are they in No. 14, Senator? What number are we up to?

Senator FORSHAW—Yes, they are in No. 14, but do not panic. Earlier there was reference made to the Salvation Army sale. Retirement Care Australia has entered into an agreement with the Salvation Army to purchase 14 of its facilities. That is correct, isn't it?

Mr Dellar—Retirement Care Australia and the Salvation Army jointly announced on 9 March that they had entered into a procurement agreement. It is a public statement, so that is why I can say it.

Senator FORSHAW—Have Retirement Care Australia been given approved provider status yet?

Mr Dellar—Unfortunately, Senator, that is a question I do not think I can answer because an approved provider or a person who would be an approved provider is not a matter that I can respond to until a decision is announced. But can I say that, as a general statement, no-one can purchase aged care places without being an approved provider.

Senator FORSHAW—Have there been any representations made to the minister or through the department to the minister about fast-tracking the approval?

Mr Dellar—I think it is fair to say I have had numerous discussions with the Salvation Army and RCA over a period of time. I have had many discussions about many issues.

Senator FORSHAW—Yes, but that is not the question I asked. There has been an agreement announced about RCA purchasing 14 of these facilities.

Mr Dellar—It is a procurement agreement. It is an announcement of an intention in principle to purchase. It falls a little short of saying, 'We will buy these things.'

Senator FORSHAW—It would certainly assist that decision if they had approved provider status.

Mr Dellar—Yes, Senator, but the question you asked was: has the company made representations to the minister for fast-tracking?

Senator FORSHAW—I said 'or the Salvation Army'—either of them.

Mr Dellar—The general point I would make is that the decision on this is a decision for the department. There have certainly been discussions with the minister's officers along the way. The minister is very interested in this.

Senator FORSHAW—Yes, but have any representations been made about fast-tracking the approval process?

Mr Dellar—I cannot answer the question of what discussions might have occurred between the minister and other people or the minister's staff and other people. What I can say

is that I am having discussions with the parties on a regular basis and the processes are proceeding in accordance with the rules, the law.

Senator FORSHAW—It would not be fast-tracked in order to assist a sale?

Mr Dellar—The approved provider rules are that a party can apply at any time and the department has up to 90 days to respond to that approved provider request, except to the extent that the department might see the need for further information. It would regularly ask for further information from a provider. That process restarts the clock.

Senator FORSHAW—Are you aware that Macquarie Capital Alliance Group has acquired 95 per cent of Retirement Care Australia?

Mr Dellar—I read that in the press, yes.

Senator FORSHAW—Could that have an impact on the approval process?

Ms Halton—No, Senator. I should make it quite clear: we have a process that we go through in respect of approval and we do have a view that we should undertake these things expeditiously. That is a view that applies to all such cases. The fact of size and/or the nature of the party as far as we are concerned is of interest in terms of the nature of the approved provider status or otherwise of the potential purchaser, but in terms of whether we grant, based on the status of the purchaser, differential treatment, I can assure you the answer to that is no.

Senator FORSHAW—This was not quite where I was leading, but is there a concern about an emerging trend where aged care facilities are being purchased as vehicles for investment funds?

Ms Halton—My view on this, Senator, is that aged care by definition—I look around this room, we are all here and we are all going there—is going to become an increasingly large part of our economy. By definition, that means the community is going to invest a substantial amount of money in that part of our economy. It is in our interests that that occurs effectively and efficiently. We do not have an institutional view about the merit of a type of provider. We want the services to be provided effectively, efficiently and to be of high quality. We are concerned about the status of a provider in terms of probity, the fact that they are of good character—you know that there are certain requirements we have under the act which we take quite seriously—but in terms of the vehicles, providing they can offer the service in the way that I have outlined, that is not an issue for us.

Senator MOORE—I have a technical question on that, Mr Dellar. I was not aware of the internal approval processes and the time frames; I should go back and read the legislation, and I will. You said the department had up to 90 days?

Mr Dellar—That is correct.

Senator MOORE—I know Senator Forshaw was using the words 'fast track', but the provision for fast-tracking would be, under those provisions, either looking at it within the first couple of days and getting it done or going to the full extent of 90 days.

Ms Halton—We should be clear: there is not a provision to fast-track.

Senator MOORE—No, but I was thinking that there is no formal process, any way you could be asked to use this particular process; but the approval process within the legislation is 90 days. Within that 90 days, dependent on workload, dependent on staffing, all those things, depending on the quality of the application, that they have done all the work they had to, that would be the extent of it?

Mr Dellar—Absolutely, Senator. We are certainly not obliged to take 90 days, and for a transfer or a new approved provider we often do not. But sometimes we do. It depends on the issues.

Senator MOORE—Are there times when, because of processes or problems, it goes beyond 90 days?

Mr Dellar—We try to avoid that.

Senator MOORE—But all things happen.

Mr Dellar—If we go back for information, that restarts the clock.

Senator MOORE—I am just wanting to get clear in my mind the formal process. I heard '90 days', so I just wanted to follow up on that.

Mr Dellar—There are many features of the act that do have time frames associated with them. These are certainly some of them.

Ms Halton—Clearly, somebody who is interested in expeditious treatment of these arrangements would be wise to avail themselves of a good understanding of exactly what it is that we need to know in order to expedite the process. There is nothing to stop people asking for that kind of information but we do not have a fast track and we do not treat people differently. We treat on the basis of what we see in front of us. In some cases, as Mr Dellar says, we are going to have to go back and ask them for more information. If they give us everything we need, by definition it is going to be a quicker process.

Senator FORSHAW—Are you aware of a core principles document provided to existing Salvation Army residents by Retirement Care Australia?

Mr Dellar—I have seen that document, yes.

Senator FORSHAW—As I am advised, it states, amongst other things, that where facilities are repaired, improved or redeveloped, residents may be required to relocate to other facilities owned by RCA on 'reasonable commercial terms'. Could that mean that they actually have to meet an increase?

Mr Dellar—The rules about residents of homes are regulated, the fees that they can be charged and the accommodation bond that they might be charged are regulated by the Aged Care Act. It is a complex issue, but it is not open to a provider to do other than what the act allows them to do.

Senator FORSHAW—Does that mean that, if they relocate to another facility, they relocate on the same financial arrangements?

Mr Dellar—It is more complex than that. It goes to what we mean when we say 'relocation', and we put some fairly technical things around that. If, for example, a service was moving from site A to site B and site B was some distance from site A, and if site B was

declared by us to be a new home—and there are some criteria around that—then a resident moving from home A to home B is moving from one home to another home. That leads to issues around whether or not an accommodation bond is payable. Broadly speaking, if it is a direct transfer with no material break between the first home and the second home, the answer is that whatever accommodation bond may have been paid previously would remain. The fees and charges are related to the income of the resident and they will not change.

Senator FORSHAW—I am also advised that it states, at point 7 of that core principles document, that existing residents may be required to pay 'reasonable' rate increases. Also at point 8—I am not quoting but this is the explanation—if a resident is required to move to a higher level care facility, they may be required to pay additional costs. I am concerned about how these principles would operate and affect residents who, I understand, are overwhelmingly concessional residents.

Mr Dellar—The department sets a number of fees that a person might pay. The basic daily care fee is set by the government. It is a maximum amount, so people can charge less. If you are a concessional resident, it means that you are paying 85 per cent of your pension—that is, 85 per cent of the standard pension net of the GST component. That is the amount that can be charged by a provider. Notwithstanding any other document, that is the amount that the resident can be asked to pay.

Senator FORSHAW—Is it your expectation that each of these facilities will stay operational?

Mr Dellar—We have talked a bit about approved provider. There is a separate issue which is transfer. In the case of a purchase and sale, we have both issues to deal with. The issue of the future of the residents is an issue that comes up under the transfer issue and we require both the purchaser and the seller to give us quite detailed information about any future plans they have for the residents and how they will deal with their obligations to ensure that the residents' continuity of care is assured. It is not acceptable for any provider to close a service and put a person out on the street; it is not acceptable. It does not mean, however, that a service cannot be changed, redeveloped, relocated, or improved in some other way. In fact, if you have a service that needs rebuilding, it needs rebuilding and there is some inexorable disruption to people around that.

Senator FORSHAW—These facilities have to meet the accreditation requirements as well.

Mr Dellar—That is correct. I believe all Salvation Army homes are currently accredited.

Senator FORSHAW—There is still work to be done on some of them, isn't there?

Ms Halton—That is a fair statement.

Senator FORSHAW—I think it is a fair statement. I was being rather charitable, excuse the pun. That is the basis of the concern: it could well be that some of these facilities need—

Ms Halton—They need rebuilding.

Senator FORSHAW—substantial upgrading or rebuilding.

Ms Halton—But at its bedrock, the key point that I think Mr Dellar is making—and it is worth underscoring—is that if you are a concessional resident, you are a concessional resident; you cannot change that status, unless you come into a large inheritance, which I sincerely doubt. If you are transferring, that status remains. We have quite explicit requirements about ensuring the continuity of care of those residents, notwithstanding documents or otherwise.

Senator FORSHAW—Thank you.

Senator MOORE—I have a couple of questions on community care quality reporting reforms. We have been told that there is a new quality assurance tool for community care. What is the status of the development of that tool?

Ms McDonald—There has been a new quality reporting tool developed. The tool has been trialled, evaluated and, as a result of that we now have a tool being implemented across some Community Aged Care packages, Extended Aged Care at Home—EACH—packages, and also the National Respite for Carers Program. We have held information sessions across the country and receive feedback from attendees during and after those sessions. The implementation of the new quality reporting tool will start from July.

Senator MOORE—In the new financial year?

Ms McDonald—That is right, yes—1 July. We will be going through services on a three-year cycle. There will then be a number of services selected. They will be given advanced warning that they have been selected and the tool and information kit will be sent out and they will have a period of time in which to complete and return the kit.

Senator MOORE—Can you refresh my memory on the period of time that it will take to have everybody using this?

Ms McDonald—Three years.

Senator MOORE—You are just going to sort of go through the process?

Ms McDonald—That is correct.

Senator MOORE—Are the reporting arrangements and the reports the same for each of those identified programs?

Ms McDonald—No, sorry. Community Aged Care packages but it does not cover HACC. It will cover Community Aged Care packages—CACPs—EACH and National Respite for Carers Program. I would need to get the details of that to you on notice.

Senator MOORE—Can we see copies of the new form, now that it is being implemented?

Ms McDonald—Yes, sure. We are happy to provide that.

Senator MOORE—You said you have an information kit. Can we get one of those?

Ms McDonald—Yes, I can get you an information kit.

Senator MOORE—That might save a lot of the concern. Is one of the aims of the new tool to reduce paperwork, in line with the red tape review?

Mr Mersiades—It was designed to minimise the extent of paperwork, bearing in mind there were next to no quality assurance arrangements in place before this.

Senator MOORE—To establish the program as well as to minimise paperwork?

Ms McDonald—It is also a continuous improvement tool for the services to be able to use to assess how they are going in terms of the standards, and to be able to put in place arrangements to improve the way they operate.

Senator MOORE—Is this a streamlined tool that you have developed?

Mr Mersiades—It has been extensively developed with providers. It has been extensively trialled and developed to make it as effective and streamlined as possible.

Senator MOORE—Through the process of consultation and trialling, have providers had the opportunity to raise concerns, suggestions—

Ms McDonald—That is right. We piloted it with a number of providers. We also have an industry reference group that we have been working with throughout the process.

Senator MOORE—Perhaps the best thing to do is to have a look at the tool and the implementation kit when we receive them and then get back to you if we have any questions.

Ms McDonald—That is fine.

Senator MOORE—Competitive tendering in community care: that is here as well. The government has now introduced a competitive tender process for some community care programs. Can you give me an overview of how the process occurred: when were people made aware of the community tendering; how did the process operate; how did people find out about it. As you well know, there have been significant concerns raised about the short time frame and the timing of the whole tender process. Can you give me some idea of how the process came into being?

Ms McDonald—The beginning of the process occurred during 2004, when *A new strategy for community care—the way forward* was released. This outlined the government's reform agenda around streamlining the current administration and delivery arrangements for programs to basically make it easier for people to access services. During the consultation phase, there were discussions with providers about people thinking of new and better ways of delivering services and better meeting people's needs, and the booklet itself and the consultations outlined a number of things that the government was looking for.

Senator MOORE—Was that in 2004?

Ms McDonald—That was during 2004. It was in the second half of 2004 that that was released. Providers had also been given short-term extensions on their funding agreements during that process, pending the outcome of the review, and would receive advice around longer term arrangements.

Senator MOORE—In the expectation that there was going to be a change?

Ms McDonald—There would be some changes. That is right. The last extension of the funding agreements took them to 30 June 2005. In January this year there was a decision made to go for a competitive application tendering process across a number of programs.

Senator MOORE—That was a government decision?

Ms McDonald—Yes, a government decision. There were letters sent to peak organisations and providers at that time.

Senator MOORE—In January?

Ms McDonald—In January this year. All providers that we funded under the programs that were affected by the changes were advised at the time, as were relevant peak organisations, and they were encouraged to work with their constituency around these changes.

Senator MOORE—Every funded body received personal advice in January that this process was going to happen. What was the next step?

Ms McDonald—The next step was the advertisement for the first lot of applications on Saturday, 5 March. Following that advertisement, we immediately sent letters to providers and peak bodies, advising them that the process had now commenced and letting them know where they could get the information from.

Senator MOORE—What were the terms of the tender? How long did they have to submit applications?

Ms McDonald—The main programs that I think you are talking about are the National Respite for Carers Program and related carer programs.

Senator MOORE—We have National Respite for Carers Program, Commonwealth Carelink Program, and Carer Information and Support Program. Are they the only three affected?

Ms McDonald—No. There are also the continence programs, but their timing is slightly different.

Senator MOORE—It is generally the same process?

Ms McDonald—There is the Continence Aids Assistance Scheme and also the information and support functions around continence.

Senator MOORE—The general continence programs were affected?

Ms McDonald—Yes.

Senator MOORE—They were the four in total. The first three followed the same process. The fourth one followed the same process but slightly different time frames?

Ms McDonald—There are five separate processes. The first three that we mentioned, around carer respite services, are RFAs—requests for application. In relation to the continence one, the Continence Aids Assistance Scheme is an RFT, a request for tender, and the information services and counselling services are a request for application. In relation to the carers and respite programs and Carelink, the advertisements and information were made available on 5 March and applications closed on 1 April. The assessment process is under way at the moment, so there is not a lot more that we can say about that.

Senator MOORE—Is there any provision within the system to accept late tenders? If an organisation did not meet the deadline and came to the department, is there any process for a late application?

Ms McDonald—No. For people that asked whether there were extensions possible, we did request information on why they needed them and they were offered assistance and support during that process; but there was not an extension.

Senator MOORE—If they did not meet the 1 April date, it did not happen. There was no way they were in the system?

Ms McDonald—That is right.

Senator MOORE—Is the tendering process going to be reviewed? At the end of the process, after you have announced the contracts, is there going to be some internal review about how this worked, what problems there were and how you can do it better?

Ms McDonald—Along the way we have been carrying out assessments in terms of how things have gone: are there any problems and do we need to put any other systems in place to address any issues that might have come up? That is an ongoing process and we will look at a range of issues at the end of the process.

Senator MOORE—Is it a departmental or a government decision about going into a tender process as opposed to other forms of receiving funding?

Ms McDonald—It was the nature of what we were contracting out. In relation to the requests for applications, they are grants and therefore they fall into a grant application process. In relation to the tender, it was a tender for provision of services and therefore fell into a particular category which meant we had to have it as a tender. Also, it was subject to all the free trade agreement requirements which have now been put in place.

Senator MOORE—These particular programs had not been tendered before? I know that within the range of services there are some that are tenders, some that are grants.

Ms McDonald—I would have to take that on notice.

Senator MOORE—Would you take that on notice, please.

Ms McDonald—I am not sure how the program was originally established. Certainly in relation to a number of the requests for application, most of the organisations that had the funding at some time would have had to have gone through a grant application process to have originally got the funding, so going through a grant application process and applying for funding is fairly normal in that sector.

Senator MOORE—I am just seeking to know people's familiarity with systems and whether this is the first time this tender process was used in this way.

Ms McDonald—The tender process is a fairly technical one around a particular type of service. You would not be having grant organisations applying for the management of that Continence Aids Assistance Scheme. You would be looking at organisations that have the capacity to deliver those sorts of services.

Senator MOORE—When you are looking at that other information I have asked you for, can you also let me know if you have kept stats on how many organisations requested help in going through the process? That was a standard part, I know, when you put it out.

Ms McDonald—We kept records of all the requests.

Senator MOORE—That would be useful. We would like to know exactly how many requests for help you got. Now I move on to the Indigenous aged care training and a resource officer in Queensland.

Senator FORSHAW—Can I just indicate, Chair, that it is our intention to finish at 11 o'clock. We are going to try to cover two more issues. There is still time left.

Senator MOORE—Ms Halton, Senator McLucas had put a question on notice on this issue, EO5-137, and these are follow-up questions after receiving the answer. We asked about the ending of funding for the Indigenous aged care service in Queensland, the officer that worked in Queensland, looking particularly at Indigenous aged care. We put on notice what the basis of the funding was and so on. In the answer, the department advised Aged Care Queensland in February 2005 that it was highly unlikely that funding beyond the expiry of the current contract would be available. We know that the position was funded for a period of time. The end of that period of funding was coming up and Aged Care Queensland, I am told, specifically asked the department what was the status of this job, as it was coming through. The department at that time said it was highly unlikely that it would be extended. When was the contract going to expire? When was the expectation that the contract for this job was going to end?

Mr Dellar—The contract was originally approved in 1999 but commenced in 2000. It was extended in 2001 until June 2002. It was extended again until December 2004. My understanding is that in December 2004 the contract expired and the program ceased.

Senator MOORE—It seems to me that this is a contract that extended or rolled over, whatever the term is, a number of times.

Mr Dellar—Twice.

Senator MOORE—So it may well have led to an expectation that this process would continue. At what time in the period of a contract of this type—particularly in the last extension; you said 2002 to 2004—is a decision made about whether something is going to be extended or not, particularly one that has been extended twice before?

Mr Dellar—We review commitments from time to time and look at where they are and where they are going. This was one that emerged as something that had been continuing for some time through the latter part of 2004. I do not have exact dates as to when that issue emerged.

Senator MOORE—Can I just get clarified again: when was it due to cease?

Mr Dellar—The advice I have here is December 2004.

Senator MOORE—My briefing here says that they were advised in February 2005 that it would be highly unlikely for it to be extended. Was the extension in 2004 for the financial year 2004-05? On that basis, is it that the job was due to finish in June 2005?

Mr Dellar—Sorry, Senator, as far as I am aware we ceased funding the service in December 2004. We were asked by this committee in February 2005 about the issue. I think at the time we said that we had told them it was highly unlikely that the funding would continue; but at the time that question was asked, as far as I am aware, the funding had actually ceased.

Mr Mersiades—The answer to the question said, 'Unlikely that funding beyond the expiry of the contract,' which would have been December 2004.

Senator MOORE—It could well be just a confusion. I could not understand that. Was there any particular reason why the job was not extended? Was it that the work was ended? It was no longer fulfilling its purpose? When a decision is made to end a contract, is any justification given to the people involved?

Mr Dellar—The budget from which this comes is reasonably limited and we need to make decisions about where the resources will go. We did look at this particular project, but we were also aware that we fund Aboriginal Hostels Ltd a sum of money to assist Aboriginal services that deliver aged care services and, given the tightness of the funding, we were of the opinion that we did not have the resources to continue to fund this.

Senator MOORE—Was there an independent evaluation of the program?

Mr Dellar—No.

Senator MOORE—Was there an internal evaluation of the program?

Mr Dellar—The decision is based on our budget position. We do not have any particular view that the service was unsatisfactory, if that is the implication. I would note that it was the only service of its kind that was funded anywhere in the country.

Senator MOORE—Is it unusual in the department to have one-off positions?

Mr Dellar—I would say that it is reasonably unusual for a project like this.

Senator MOORE—Was a report provided to the department from Aged Care Queensland about how the position was operating?

Mr Dellar—Aged Care Queensland met its obligations in relation to the contract and provided us with periodic reports throughout the period that it was funded.

Senator MOORE—Was the report positive?

Mr Dellar—It is a report of the activities of the organisation. It would be fair to say that they believe the project was a positive thing. As I said, we have a broader funding arrangement with Aboriginal Hostels Ltd to support organisations funded through the Aged Care Act, which are essentially run by Indigenous people for Indigenous people, and there are a number of those.

Senator MOORE—Have the valuable aspects of the work gone to Ab Hostels?

Mr Dellar—I would not want to give you the impression that we have transferred funding in any way to Aboriginal Hostels. There is a set funding that they get.

Senator MOORE—That was the next question, Mr Dellar. There was no funding transferred to Aboriginal Hostels?

Mr Dellar—That is correct.

Senator MOORE—Or to Aged Care Queensland?

Mr Dellar—Aged Care Queensland were the auspices for this. They either lost the funding or they lost the funding and then ceased to provide the service.

Senator MOORE—The funding is no longer being injected in the way that it was to any services in Queensland?

Mr Dellar—That is correct.

Senator MOORE—Is the report from Aged Care Queensland, which was described as 'useful' in answer to one of Senator McLucas's questions, a public document?

Mr Dellar—I do not believe it is, but I could take on notice the question of whether it could be released. We would wish, necessarily, to consult with Aged Care Queensland over that first.

Senator MOORE—Absolutely. Could you take that on notice and if there are any questions that come out of that we will come back to you.

Mr Dellar—Thank you.

Senator FORSHAW—Gold Coast Homestead is a newly built residential aged care facility. As the name implies, I think it is in Queensland. It was built by Nielsen Bros. Apparently this facility was refused building certification by the department's building inspector. It has subsequently passed certification but some of the homes in the facility have been excluded from that certification. Can somebody enlighten me as to whether this is the case and the reasons why? It is a brand-new facility.

Ms Finlay—Initially, there was a problem with the home, but that problem was identified and it has passed certification.

Senator FORSHAW—Has it completely passed certification?

Ms Finlay—I believe so, yes.

Senator FORSHAW—The advice I was given was that it was granted certification but with some limitations in respect of some parts of the facility or homes within the facility.

Ms Finlay—I will inquire and give you information in response to your questions, but my understanding is that, while there were some initial problems, the facility has now passed certification.

Senator FORSHAW—Can you tell me what the initial problems were?

Ms Finlay—No, I cannot. I would have to take that on notice, because some of these issues around building certification are very technical and I think it is best that I get some advice about the matter.

Senator FORSHAW—This was a newly built residential aged care facility. Presumably, it would have passed all of the required building standards—whatever local government and everyone else needed—state regulations and the like. I am trying to understand where it fell down in the department's estimation.

Ms Halton—It is probably not very helpful to speculate, given that Ms Finlay does not have the details. I do not know that we can say it would necessarily pass those things, but we will give you the detail on notice.

Senator FORSHAW—It is unfortunate that you cannot, because I am advised that the owners of Gold Coast Homestead used to own a much older facility, which was sold, known

as Southport Nursing Home. According to the advice that I was given, it was a home that was in need of a fair amount of refurbishment—and that may have been the reason for the sale—yet it has recently applied for 47 new aged care beds, which application has been approved. Is there any explanation for that?

Mr Mersiades—One of the things that we would want to check is the possibility that the older home was certified under the 1996 instrument, whereas all new homes are required to be certified under the 1999 instrument.

Senator FORSHAW—But for accreditation this home is going to have to meet the certification requirements by 2008.

Ms Halton—Correct.

Senator FORSHAW—It seems very odd, that is all, that the company that builds a new facility and gets knocked back sells the old facility and gets places granted to it.

Ms Halton—As Mr Mersiades said, the reality is that for older facilities, for historical reasons—and for good reasons—the 1997 arrangements are still relevant. New facilities are judged against that new arrangement. Yes, there is the 2008 requirement, but we do not have the detail. We are happy to come back to you.

Senator FORSHAW—Let me give you a little bit more information that I have been given, which is that the new facility already has 26 beds online but they were not granted any places in the 2004 round, in contrast to the older facility that they used to own. Maybe you could take that on notice—

Ms Halton—Yes, we are happy to.

Senator FORSHAW—and comment upon that in the context of facilities that meet future building requirements but do not get any priority of allocation over those that still need to be assessed.

Ms Halton—In addition, we will give you an explanation of the basis on which we currently take decisions about the allocation of places.

Senator FORSHAW—But I would like it in respect of these two facilities first.

Ms Halton—That is fine, subject of course to checking the privacy issues. I will take advice on that. The reality is, though, as a general point that building is relevant, but there are a number of other issues that we take into account when considering whether to grant an application; for example, quality of care issues. This is not simply a question of comparing one physical piece of infrastructure with another. Where it is, the status of the provider in terms of the history and a series of other factors are relevant.

Senator FORSHAW—Yes, but this is an owner that has a history at a previous facility.

Ms Halton—Indeed. I do not know what that history is and therefore I cannot comment.

Senator FORSHAW—That might be right, but they have built a new facility and have just had it certified. I do not know for certain either. If they are building a new facility, they must have some confidence in their reputation and their ability to provide services into the future.

Mr Mersiades—Senator, the provider would have been offered the opportunity for a debrief on the circumstances behind the lack of success of that 2004 round. I cannot comment on whether they availed themselves of that opportunity.

Senator FORSHAW—Could you give us a report on those issues that I have raised. I am not sure that we can cram in the other 57 issues, although that is an exaggeration.

Ms Halton—Senator Sue wants to take her hat off, don't you, Senator Sue?

CHAIR—No, I am quite comfy now!

Senator FORSHAW—But there are some other questions.

Ms Halton—Which no doubt you will put on notice, Senator Forshaw.

Senator FORSHAW—I was going to ask for the extra time that was taken up with the celebratory machinations but, in the interests of all of us getting out of here for a few days respite, I think we will leave it at that and put the rest of the questions on notice, and thank the officers for their attendance over the last couple of days.

CHAIR—Good on you, guys. Thank you.

Senator FORSHAW—That is all right. You have caught me in a weak moment.

CHAIR—Thank you, everyone, for your cooperation, for your time, and also for making me look like a complete and utter goose for the last 3½ hours.

Ms Halton—Senator, I will table the last couple of documents that we said we would table.

CHAIR—And I would like to, once again, thank the secretariat, Hansard, and everyone associated with the last four days. Thanks. Good luck to you all, and best wishes.

Committee adjourned at 10.57 pm