COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Consideration of Additional Estimates

WEDNESDAY, 20 FEBRUARY 2002

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SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Wednesday, 20 February 2002

Members: Senators Allison, Bishop, Denman, Herron, Knowles and Tchen

Senators in attendance: Senator Knowles (*Chair*), Senators Bishop, Boswell, Buckland, Calvert, Crossin, Crowley, Denman, Evans, Forshaw, Gibbs, Harradine, Herron, McLucas, Tchan and West

Committee met at 9.05 a.m.

HEALTH AND AGEING PORTFOLIO

In Attendance

Senator Patterson, Minister for Health and Ageing

Executive

Ms Jane Halton, Secretary
Dr Louise Morauta, Acting Deputy Secretary
Ms Mary Murnane, Deputy Secretary
Prof Richard Smallwood, Chief Medical Officer

Corporate Services Division

Mr Neville Tomkins, First Assistant Secretary, Corporate Services Division
Ms Wynne Hannon, Head, Legal Services
Mr Ron McLaren, Assistant Secretary, Financial Management Branch
Ms Jan Feneley, Assistant, Public Affairs and Parliamentary and Access Branch
Mr Shaun McCarthy, Assistant Secretary, Staff Support and Development Branch

Portfolio Strategy Division

Dr Robert Wooding, First Assistant Secretary, Portfolio Strategy Division
Ms Virginia Hart, Assistant Secretary, Budget Branch
Mr Robyn Foster, Senior Manager, Budget Branch
Mr Tony Kingdon, Assistant Secretary, Policy and International Branch
Mr Paul Fitzgerald, Assistant Secretary, Health Information Policy and Projects Branch

Outcome 1—Population Health and Safety

Population Health Division

Mr Robert Griew, First Assistant Secretary, Population Health Division
Ms Judy Blazow, Assistant Secretary, Preventive Health Services Branch
Ms Lorraine Breust, Director, HIV/AIDS and Hepatitis C Section, Communicable Diseases and Health Protection Branch
Ms Jean Douglass, Senior Officer, Strategic Planning
Ms Marion Dunlop, Assistant Secretary, Strategic Planning
Ms Sue Gordon, Director Drug Strategy and Health Promotion Branch
Ms Sue Kerr, Assistant Secretary, Drug Strategy and Health Promotion
Mr Paul Lehmann, Director, Communicable Diseases and Health Promotion
Prof John Mathews, Medical Director

Ms Sarah Major, Director, Preventive Health Services and Food Policy
Mr Ian McKay, Director, Preventive Health Services and Food Policy
Mr Greg Sam, Assistant Secretary Communicable Disease and Health Promotion
Ms Rae Scott, Director, Drug Strategy and Health Protection
Dr Judy Straton, Deputy Medical Director, Strategic Planning
Ms Caroline M. Smith, Director, Preventive Health Services & Food Policy
Ms Georgia Tarjan, Director, Drug Strategy and Health Promotion
Ms Leanne Wells, Director, Drug Strategy and Health Promotion

Therapeutic Goods Administration

Mr Terry Slater, National Manager, Therapeutic Goods Administration
Dr Leonie Hunt, Director Drug Safety Evaluation
Dr Brian Priestly, Acting Director, TGA Laboratories
Dr Fiona Cumming, Director, Office Complementary Medicines
Dr Sue Meek, Gene Technology Regulator
Dr Margaret Hartley, Director, National Industrial Chemicals Notification and Assessment Scheme
Ms Andrea Matthews, Legal Adviser, Cloning and ART
Ms Elizabeth Flynn, Assistant Secretary, Office of Gene Technology Regulator
Ms Laurayne Bowler, Assistant Secretary, Office of Gene Technology Regulator
Mr Neil Ellis, Director, Office of Gene Technology Regulator
Dr John McEwen, Acting Principal Medical Adviser
Ms Rita Maclachlan, Director, Conformity Assessment Branch

Australian Radiation Protection and Nuclear Safety Agency

Dr John Loy, Chief Executive Officer

Health Insurance Commission

Dr Jeff Harmer, Managing Director, Health Insurance Commission
Mr John Lee, General Manager, Finance and Planning Division
Mr James Kelaher, Deputy Managing Director
Mr Lou Nulley, General Manager, Business Improvement
Mr Geoff Leeper, Executive General Manager, Business Improvement
Dr Janet Mould, General Manager, Professional Review
Mr David Num, Information Technology Services

Outcome 2—Access to Medicare

Health Access and Financing Division

Mr Charles Maskell-Knight, First Assistant Secretary, Health Access and Financing Division
Ms Jennifer Badham, Assistant Secretary, Better Medication Management System Implementation Taskforce
Mr Alan Keith, Assistant Secretary, Diagnostics and Technology
Dr John Primrose, Medical Officer, Pharmaceutical Access and Quality
Mr Terry Barnes, Assistant Secretary, Financing and Analysis Branch
Mr Allan Rennie, Assistant Secretary, Pharmaceutical Access and Quality
Mr Brett Lennon, Assistant Secretary, Pharmaceutical Benefits
Mr Raino Perring, Adviser, Medicare Benefits

Dr Jane Cook, Medical Officer, Medicare Benefits Branch
Ms Ellen Dunne, General Manager, Program Management Division
Mr Jamie Fox, Director, Pharmaceutical Pricing Section
Ms Sarah Byrne, Principal Legal Adviser
Mr Andrew Mitchell, Director, Pharmaceutical Evaluation Section

Health Insurance Commission

See Outcome 1

Outcome 3—Enhanced Quality of Life for Older Australians

Aged and Community Care Division

Dr David Graham, First Assistant Secretary, Aged and Community Care Division
Dr David Cullen, Assistant Secretary, Policy and Evaluation
Ms Jane Bailey, Director, Quality Outcomes
Mr Warwick Bruen, Assistant Secretary, Community Care Branch
Mr Marcus James, Assistant Secretary, Residential Program Management
Ms Lana Racic, Acting Assistant Secretary, Office for Older Australians
The Hon Robert Knowles, Commissioner for Complaints

Aged Care Standards and Accreditation Agency

Ms Kristina Vesk, Communications Manager, Aged Care Standards and Accreditation Agency

Outcome 4—Quality Health Care

Health Services Division

Mr Andrew Stuart, First Assistant Secretary, Health Services Division
Mr Dermot Casey, Assistant Secretary, Mental Health and Special Programs Branch
Mr Peter Broadhead, Assistant Secretary, Acute and Coordinated Care Branch
Dr Rob Pegram, Senior Medical Officer, General Practices Strategic Development Unit
Mr Peter DeGraaff, Assistant Secretary, Blood and Organ Donation Taskforce
Mr Roger Hughes, Director, General Practice Branch
Ms Sandra King, Acting Assistant Secretary, General Practice Branch
Mr Robin Wells, Director, General Practice Branch
Mr Gordon Calcino, Director, General Practice Branch
Mr Richard Eccles, Director, Office of Rural Health

Outcome 5—Rural Health Care

Health Services Division

See Outcome 4

Outcome 6—Hearing Services

Aged and Community Care (Office of Hearing Services)

Ms Jenny Hefford, Office of Hearing Services

Outcome 7—Aboriginal and Torres Strait Islander Health

Aboriginal and Torres Strait Island Division

Ms Helen Evans, First Assistant Secretary, Aboriginal and Torres Strait Islander Health
Ms Yael Cass, Assistant Secretary, Workforce, Information and Policy
Ms Mary McDonald, Assistant Secretary, Program Planning and Development
Ms Margaret Norington, Assistant Secretary, Health and Community Strategies
Dr Trish Fagan, Medical Adviser, Aboriginal and Torres Strait Islander Health

Outcome 8—Choice through Private Health Insurance
Health Industry and Investment Division
Mr Robert Wells, First Assistant Secretary, Health Industry and Investment Division
Ms Perry Sperling, Assistant Secretary, Private Health Industry Branch
Dr Vin McLoughlin, Assistant Secretary, Priorities and Quality Branch
Ms Christianna Cobbold, Assistant Secretary, Health Capacity Development Branch
Private Health Insurance Administration Council
Ms Gayle Ginnane, Chief Executive Officer, PHIAC
Medibank Private
Mr Mike Whelan, General Manager
Mr Peter Young, Manager, Corporate Affairs
Health Insurance Commission
See Outcome 1
Outcome 9—Health Investment
Portfolio Strategies Division
See Whole of Portfolio
Health Industry and Investment Division
See Outcome 8
Office of the National Health and Medical Research Council
Prof Alan Pettigrew, Chief Executive Office, NHMRC
Ms Suzanne Northcott, Executive, Centre for Research Management
Dr Clive Morris, Executive, Centre for Health Advice Policy and Ethics
Mr Michel Lok, Executive, Executive Support Branch

CHAIR—I declare open this public hearing of the Senate Community Affairs Legislation Committee. On 14 February 2002, the Senate referred to this committee the particulars of proposed additional expenditure for the year ending 30 June 2002 for the portfolios of Health and Ageing and Family and Community Services.

We will now commence examination of the Health and Ageing portfolio. Before commencing the outcomes, senators have advised that they do not require the Private Health Insurance Ombudsman or officers from ANSFA, Australian Hearing Services, Australian Institute of Health and Welfare or Professional Services Review.

I welcome, to their first meeting in this capacity, the Minister for Health and Ageing, Senator Kay Patterson; Ms Jane Halton, the head of the department; and the officers of the Department of Health and Ageing. I also would also like to place on record the committee's thanks and gratitude to Mr Andrew Podger, who has appeared here religiously for many years. I thank him for the services and information he has given to this committee.

I draw witnesses' attention to the resolution agreed on by the Senate on 25 February 1988, 'Procedures to be observed by Senate committees for the protection of witnesses', and in particular to resolution 1(10), which states in part:

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

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

officers or, of course, to the minister. Witnesses are further reminded that the giving of evidence of the committee is protected by parliamentary privilege. The giving of false or misleading evidence to the committee may constitute a contempt of the Senate. Minister, do you wish to make an opening statement?

Senator Patterson—No, just to thank you for your welcome, Senator Knowles.

CHAIR—Thank you. The committee will be working from the portfolio additional estimates statements, and I propose to call on the additional estimates in the following outcome order: outcomes 2 to 9, then outcome 1, followed by cross-outcomes, corporate matters. Before the committee commences with outcome 2 on page 41, I suggest that the committee begins with any questions on the portfolio overview on pages 3 to 23. Are there any questions?

Senator CHRIS EVANS—I first congratulate the minister and the secretary on their new appointments and welcome them to health estimates. Unfortunately, we are all still where we were last time. It is nice to see the new faces, and we will miss Mr Podger. One of the traditional things we do at health estimates, as the minister may be aware, is to have a discussion about why the department has not met its obligations in terms of questions on notice. It is unfortunate, but we seem to have to do it every time. Although I must say that I was pleasantly surprised: I turned on my computer this morning and there they were—some questions from June last year. They did not have any answers in them—

Senator WEST—I got one answer.

Senator CHRIS EVANS—A couple of the questions were quite complex but had one-line answers and were quite dismissive, I think it is fair to say, of the question. That is one issue, but I do not understand why it takes nine months to get that treatment. I suppose the best way is to have that discussion, but it has been of concern to the committee. I think members from all parties are concerned about Health's record in this regard. We were concerned that again we seem to have a major problem. It really does beggar belief as to why we get the answers—or some of the answers—on the morning of the hearing when the questions date back to June last year.

Ms Halton—Had I had an opportunity to speak before your question, I was going to raise the question of the unanswered questions. I had become aware that we had, I understand, 39 questions that remained unanswered. I had asked officers to get answers both prepared and cleared. I understand there was some endeavour made last year to achieve that and, what with the election and a series of other things, that was not possible. My understanding is: of the 39 that remained outstanding—you could correct me if that figure is incorrect—we had attempted to send you 18 last night and I understand that the balance are in preparation. All I can say to you is I clearly was not here for the process of constructing answers to those questions last year. All I can say to you is that we will endeavour to answer questions that are taken on notice or put on notice in as timely a fashion as we can.

Senator WEST—How long have you been the secretary?

Ms Halton—I was appointed as the secretary on 18 January.

Senator WEST—And the minister was appointed in November. Both of you have a history of a relationship with this committee over many years. I would have thought you would have been aware that this was an ongoing problem. I have recollections of it being an issue for a number of years. I am surprised that no attempt was made to tick this one of, as in: 'Have we actually improved our behaviour in this particular area?'

Ms Halton—I think my opening statement is an indication that we are attempting to improve the record. I cannot speak for the last nearly four years since I left the portfolio. I must say that the issue of outstanding questions was not the first thing I inquired about when I arrived in the portfolio on 18 January; there were a number of other issues I inquired about. But certainly when I became aware of this issue, probably a week and a half ago, I asked that we attempt to finalise then. I know that officers were endeavouring to do that. I have told you that we are endeavouring to get the balance of those questions answered as quickly as we can. I had been genuinely hopeful that we would have answered all 39 by this morning. I regret that that has not been possible. But, as I said to you, you have got 18 which, on my arithmetic, means that you have 11 to come and I am hopeful that they will be provided in the very near future.

Senator WEST—I have 21 to come, I think.

Ms Halton—Yes. I beg your pardon. My arithmetic is not very good this morning. There are 21 to come; that is correct.

Senator CHRIS EVANS—One of the beauties about the Public Service is there is continuity of responsibility, unlike with politicians. I do not want to be unfair to you, but we have actually had this from the secretary of the department for the last three years. It is a regular refrain from the department. The department has the worst record, on my comparisons, of any department in terms of timeliness of response to questions. I think aged care was a particular issue, but we have had the problem more generally in health as well. I just feel sometimes we are treated like fools when we get the answers on the morning of the hearing. What is it that happened yesterday that could not have happened in the nine months before that? Do you know what I mean? It is always, in this particularly, the day of the hearing that we get some of them, as if: 'That'll shut them up for a while, because we gave it to them as they walked in the door.' Quite frankly, I do not believe that they could not have been prepared before yesterday. It seems to me that it is just too coincidental that it is always the day of the hearing, as I say some nine months later, when they just happen to get prepared. I want to understand what the process problem is. We did have an issue once before where they were delayed in a minister's office. Is that the issue here? Have they been waiting for the minister to get time to see them and sign off, or is the problem in the department?

Ms Halton—I cannot speak for what happened last year. I was not here.

Senator CHRIS EVANS—Ms Halton, I cannot accept that. That is not an appropriate response, in my view. The department can explain its behaviour, if you are representing the department. If you are not, can we get someone who can?

Ms Halton—Certainly, Senator, other people who were closer to the process could answer that question. As I indicated in my answer, I became aware that we had questions outstanding, some small while ago. I asked that we try and expedite the finalisation of those responses. I apologise that we have not been able to provide to you the balance of 21. I most certainly will undertake that we attempt to improve our departmental record in respect of answering questions on notice. I understand entirely that you would like those questions answered in a timely fashion. We will certainly enable you to receive those answers if it is at all possible in as timely a fashion as we can. In terms of the process of clearance for these answers, I think you would appreciate that, for answers that were prepared prior to the election last year, people felt a need to review those answers. We have a new minister. We have two new ministers. With the process of preparing new answers and getting them cleared, unfortunately

we have not been able to answer all of those questions this morning. And you have my apology that we have not been able to do that.

CHAIR—Could I just add a comment here that might be of assistance to senators. I, too, have been involved in this what we might call ding-dong over answers in aged care for quite some time. The situation has been most unsatisfactory. As a consequence, I have sought and been given a commitment from both the new ministers that they will treat the questions that are put on notice with the speed and attention which they deserve. And also Ms Halton has given a commitment that the department will look at that. It has been unacceptable. I think there is no-one in this room who has been here as a serial visitor who would say that it has not been unacceptable. But I have now been given a commitment by the two new ministers that they will undertake a rapid turnaround of questions on notice and treat this committee with the seriousness that it deserves.

Senator CHRIS EVANS—Madam Chair, could I just say to the Secretary: I do not think it is a question of your personal efforts and it is not a personal criticism. This is the performance of the department.

Ms Halton—I understand that, Senator.

Senator CHRIS EVANS—So I am not terribly interested, to be frank, when you started et cetera, because it seems to me it is a process question. Is the department responding to these issues or isn't it? I thought one of the advantages of a non-political bureaucracy was that we had these processes in place and that, despite elections and things, they continued their work and continued to serve the Australian people. But I feel like I am being taken for an idiot when, on successive estimates days, on the morning of or the night before somebody bungs a few over and says: 'That'll keep the animals in the zoo quiet for a while and that'll hold us for the next hearing.' I really do want to understand what is going wrong with the process.

Senator Patterson—Senator Evans, if I may just interrupt, the process has been changed. I asked the department to respond to correspondence and to answers as quickly as they possibly could. I have a view that they should be answered and I think the test should be at the next estimates.

Senator CHRIS EVANS—All right. I appreciate that. I just point out for argument's sake, and so you, Minister, are aware, in one of the questions, for instance—just pulling it out of the hat—in outcome 3, question E, lots of zeroes, 13, I asked a series of two questions:

Do you do anything in the way of research on the attitudes of elderly Australians in terms of aged care like the market testing which happens in a lot of other areas of health—

and a second question. Answer (a) and (b): yes. It took me nine months and two ministers to get 'yes'—no information, treated with contempt by that answer. It is not as if the department had been going to a great deal of trouble to make sure that the Senate was fully informed, was it? It was a straight yes or no. I am surprised it could not have been dealt with within the day, if that is the sort of standard of response we are going to get. I use that as an illustration of the frustration senators feel about the matter. It is not as if a serious attempt was made to provide a fulsome answer. It was a very dismissive response. I think it is fair to say, particularly the responses to the aged care questions, that has been the tenor lately: provide as little information as possible but take an awful long time to do it.

Senator WEST—What other changes have taken place in the department? We have a new secretary and two new ministers but, when I look at the other faces, it is like we have not

moved. So what guarantee have we got that, with only two or three replacements, we are going to get the answers coming to us more speedily?

CHAIR—The minister has already given the guarantee.

Senator WEST—We have had that guarantee before.

CHAIR—With all due respect, it is now 20 past nine. I think everyone has been given a lashing and they now know it. If we can proceed and get on to the rest of the program.

Ms Halton—Just before the senators proceed, I would like to formally table a table that was omitted—table D 4.2—from the document. I understand that the committee has received it; I would just like to formally table that table, which relates to the Health Insurance Commission's statement of financial position.

Senator CHRIS EVANS—May I pursue a related matter?

CHAIR—Before you do, can I ask the committee if there is any objection to photographers and television taking pictures for no more than five minutes?

Senator CROWLEY—Photographers from where?

CHAIR—From right behind you. He is just about to take a photograph of your left ear.

Senator CROWLEY—Apart from explaining to me the bleeding obvious, could you tell me which network or organisation they come from? Where are they from, behind my shoulder! We are grippingly humorous this morning. From the ABC, News Ltd and Channel 9—that is a perfectly reasonable answer to a perfectly reasonable question.

Senator CHRIS EVANS—While we are getting the bad blood out of the way, we might as well deal with the other issue that Mr Podger constantly reassured me about. This was the release of advertising, research and polling research which, he assured me, would be released in line with the adoption of the principles for conduct of social research. Two or three times a year Mr Podger and I had a discussion about when all of this was going to happen and which guidelines were going to apply. We got to the point where we had agreed that the guidelines were going to be applied by the Department of Health, and that the research would be released at a time when it was no longer considered to be commercially sensitive. As yet, none of the information I have asked for has been released, and I wondered where we were at with that.

Ms Murnane—The reason for that is the condition of the guidelines has not yet been met, in that the information that we collected is still being used for analysis and development. What Mr Podger said—and I have not got the guidelines before me—was that, at the conclusion of the use of such material, he would consider the release of any material we had gathered to assist us.

Senator CHRIS EVANS—My recollection is of slightly different wording—I will not argue with you about that—but the earlier stuff I was looking for was the 30 per cent rebate advertising, dating back to 1999. The implications last time were that that would be released soon, I thought. Again, that has not been forthcoming. Are you really saying that you are not going to get it until hell freezes over or are we going to apply the guidelines you said we were going to apply?

Ms Murnane—The guidelines do not actually commit to release. They commit to consideration of release, but there will always be considerations overlaid that relate to what

might be a use of such material that could impede policy processes in the future. A lot of information is collected in—

Senator CHRIS EVANS—Are you talking from a briefing now, Ms Murnane, or is this from the back of your memory? Are you telling me that you have continued to maintain, as a department, that this information will not be released? I want to be clear as to whether we are just chatting or whether this is the formal position of the department.

Ms Murnane—I have not got a briefing on this.

Senator CHRIS EVANS—Minister, would you mind taking on notice this question about the release of advertising and polling research?

Senator Patterson—What is your question?

Senator CHRIS EVANS—I think the department will provide you with a brief that says there is a long history of a debate about this at the estimates. I am not asking you to answer the question now, but whether you will take on notice my concern about when the information will be released. Will you agree to release it and what guidelines will govern it when it is released? There has been a long toing-and-froing about this. My concern is that it has not been released. I do not expect you to be across it now, but I would like you to provide a response as to what your policy will be in relation to it.

Senator Patterson—I will take that on notice.

Senator CHRIS EVANS—That is all I am seeking. Next time I ask you about it you will have a brief on it, at least.

CHAIR—We will move to questions on the portfolio overview.

Senator WEST—During September a departmental draft paper was leaked. It was called *Meeting the health and aged care needs of an ageing population*. It appeared to contain some very politically oriented—I would have thought—agenda for the future. It was essentially the department's bid for election initiatives. How did this document come to be drafted? Was this a request of the minister or the departmental head?

Ms Halton—I am advised that a document was prepared in the department. I recall it did appear in the public arena. I will take your question on notice and ask detailed questions about the origins of that piece of paper.

Senator WEST—What departmental resources were used in the compilation of this draft?

Ms Halton—Similarly, Senator, I will investigate that issue in some detail.

Senator CHRIS EVANS—Perhaps you could tell us which section handled it.

Ms Halton—Let me see if there is anyone here who can answer this question.

Senator WEST—If there is no-one here now perhaps they could come sometime during the day.

Ms Halton—Yes, we will look into that and see whether we can get the answer this afternoon.

Senator CHRIS EVANS—I would like to ask about the announcements made by the former minister just prior to the election.

Senator Patterson—Excuse me, the press are taking photos from outside in the corridor, which I find not acceptable.

CHAIR—I will remind them that their time is up.

Senator CHRIS EVANS—I was interested in some of the announcements made just prior to the election, concerning after hours care, PET scanners, GP training et cetera. Could someone take me through where those announcements fit into the budget, what dates they were made on and what were the processes?

Dr Morauta—Concerning the after hours grant, letters of commitment were sent on 7 October to a fairly long list of funds recipients, committing that money.

Senator CHRIS EVANS—When was the decision taken?

Dr Morauta—I do not have that here. But we can get you that information later in the day.

Senator CHRIS EVANS—Was it months in advance, or days in advance?

Dr Morauta—It would be fairly close to that time, but I do not have the details. I will get you the policy decision.

Senator CHRIS EVANS—The letters went out on 7 October. Was there a tender process for that?

Dr Morauta—There was an advertisement and grant decision making process. We need to wait for outcome 4 to deal with that question. The division head is not here at the moment. We can certainly come back to it.

Senator CHRIS EVANS—I will come back to it in outcome 4. What about the PET scanners?

Dr Morauta—Letters went out on 30 September with the eligibility agreements to the six successful tenderers.

Senator DENMAN—Is there a recommendation that Tasmania receive a publicly funded PET scanner? To date that has not happened.

Mr Maskell-Knight—There is not. There was a review of the future of positron emission tomography that recommended that there be machines located in the mainland capitals and not in Tasmania.

Senator DENMAN—Why not? Do you know?

Mr Maskell-Knight—I would have to check that. I understand that it is due to the volume of likely throughputs such a machine would receive, but I will take that on notice.

Senator DENMAN—Thank you.

Senator CHRIS EVANS—The decision went out on 30 September to the six successful tenderers. Was that an extension of a previously existing program or trial program?

Mr Maskell-Knight—The Commonwealth had funded two machines over a number of years. There was a review of positron emission tomography which recommended that more machines be provided, mainly to allow for more research and data collection. It was essentially a new program in that we were now going to fund six machines rather than two.

Senator CHRIS EVANS—Was that a tender process as well?

Mr Maskell-Knight—Yes.

Senator CHRIS EVANS—Were the two machines that were operating at that time successful as part of the six?

Mr Maskell-Knight—One of them was, and one was not.

Senator CHRIS EVANS—Can you name those for me?

Mr Maskell-Knight—Royal Prince Alfred was successful. The Austin Repatriation Medical Centre was not.

Senator WEST—What is going to happen to the Austin hospital?

Mr Maskell-Knight—That is a matter for the management of the Austin. The situation at the moment is that they are no longer eligible to receive Medicare benefit.

Senator CHRIS EVANS—That decision went out on 30 September. When was the decision made? Dr Morauta made a distinction between when the letters went out and when the decision was made. Was the PET scanner decision a ministerial decision?

Mr Maskell-Knight—No, it was a decision by a delegate in the department. I understand it was made on 28 September and the letters went out on 30 September.

Senator CHRIS EVANS—What about the GPET decision? When was that made?

Dr Morauta—The contract was signed on the morning of 8 October.

Senator CHRIS EVANS—That is now a very famous date. I will not ask what you were doing on that day, Ms Halton. Who was that contract between?

Dr Morauta—The Commonwealth and GPET—General Practice Education Training Pty Ltd.

Senator CHRIS EVANS—Whose company is that?

Dr Morauta—What I would like to do at the beginning of outcome 4 is take these issues and go through each of them in detail.

Senator CHRIS EVANS—I am just trying to refresh my memory. Were there one or two contracts?

Dr Morauta—There had been an interim contract signed, and then the main contract was signed at that time.

Senator CHRIS EVANS—The interim contract was with the same firm?

Dr Morauta—Yes.

Senator CHRIS EVANS—Only one contractor was given a contract, not two?

Dr Morauta—My understanding is that there was only the one.

Senator CHRIS EVANS—I will come back to that under outcome 4.

Dr Morauta—Yes.

Senator CHRIS EVANS—What about the $5.6 million grant to the Australian College of Rural and Regional Medicine?

Dr Morauta—I have not got the detailed date of that one with me. What I will do at the beginning of outcome 4 is I will take that one with me too, if I could.

Senator CHRIS EVANS—Dr Morauta, maybe you would take on notice for me a question relating to announcements made in September and October about funding decisions and a chronology of those. I am interested in a chronology of funding announcements made in September and October. There seem to have been quite a few announcements made around that period. I just want to make sure that I have got them all. I will come back to the specifics

of those ones under their sections. I always confuse you and you always confuse me, but we have got outcome 2 and outcome 4 I think so I will write a note to myself.

Senator McLUCAS—I have a question that relates to an announcement by the member for Herbert, Peter Lindsay, on 24 October. He announced $6.1 million for a new tropical health institute to be based in Townsville with nodes, I understand, in Mt Isa, Mackay and Cairns. What commitment did the former health minister make to that project?

Dr Morauta—When the appropriate outcome comes up, Mr Bob Wells should be able to help you with the answer to that. We will keep that on the boil during the day if you would like.

Senator McLUCAS—Thank you.

CHAIR—I think honourable senators should try to focus their questions on the specific outcomes. If we can deal with the portfolio overview and then go on to 'Outcome 2: Access to Medicare' and each item after that, it would be helpful.

Ms Halton—Senator Knowles, if there are any questions other than that sort it would help us to know those questions now because, as you would appreciate, not all of the officers are here at the moment. I am sure that they are sitting watching. We could have answers available to those questions when those officers come. If there are any other questions of that type that the senators would like to alert us to then we will endeavour to have those answers brought with the relevant officers so that we can address the question when people arrive.

CHAIR—Under the relevant outcome.

Ms Halton—Under the relevant outcome. So if the senators do want to foreshadow questions.

Senator CHRIS EVANS—I have some questions about the minister's announcement of 3 October of $1.4 million for the education of GPs and the public on prostrate cancer and where those funds came from. I think there was also an announcement on 28 September regarding prostrate cancer and the PSA test and $0.5 million was announced there. I take guidance on what program they come under.

Dr Morauta—We will find them for you and pop up with the right answer in the right place.

Senator CHRIS EVANS—I have never got it right in the past, so I am sure I will not this time. I think those are the main announcements that I am interested in, but, as I say, I am interested in the chronology because there seems to have been a lot of activity around that period.

Ms Halton—You would appreciate that we cannot produce a chronology for you in the next couple of hours.

Senator CHRIS EVANS—No, that is why I said to take that on notice.

Ms Halton—But we would be very happy to have the officers concerned attempt to answer those questions when they arrive. Do any of the other senators have any of that sort of question that we should be alerted to?

CHAIR—Are there any more questions on the portfolio overview?

Senator GIBBS—I have a question. On page 13 under 'Summary of agency savings' one of the reasons given is:

A delayed commencement for the second round of Coordinated Care Trials resulting in a reprofiling of expenses into the forward years ...

Has that second round of trials started yet or not?

Dr Morauta—No, I think they have not started. What we can do is get somebody to give you some more details on that round under outcome 4. We will get somebody to talk to you about that at the beginning of outcome 4.

Senator GIBBS—Sure.

Senator WEST—Since Dr Wooldridge's retirement, he has taken up two appointments with health bodies—the RACGP and Research Australia. This raises some issues of public policy. Does the department have any protocols for how staff should interact with recently past ministers who have taken on the role of adviser or lobbyist on health issues?

Ms Halton—I will have to take advice on that, Senator.

Ms Murnane—We have some protocols. The advice that our staff have generally in relation to contacts for information is that it is referred to the minister and the minister's office. So in the instance—and this is hypothetical—that a former minister would ask me would I provide some information, I would refer that minister to the minister's office. And if the minister's office said, 'Yes, we want you to provide the information,' I would provide the information.

Senator WEST—Is this a written protocol?

Ms Murnane—It is not a written protocol but it is an extension of the general protocol, the general modus operandi, of the department in handling requests for information that is not in the public domain. With information that is not in the public domain we would go to the minister's office before it was released.

Senator WEST—So it is only information that is not in the public domain that they are referred to the minister's office for?

Ms Murnane—Information that is in the public domain would be in libraries, so I doubt that they would be coming to us for that. From time to time people do—for example, students do because they would just like some help in doing an essay or something, and we might send them a couple of pages from an annual report.

Senator WEST—Is it necessarily the case that the average punter on the street knows everything that is in the public domain? There are areas and there are interpretations that can be put on the annual report for which, unless you have got the inside knowledge, you would not necessarily pick up the significance.

Ms Murnane—But that is not our job. In terms of somebody requesting information, if that information is in the public domain they will be referred to it, normally to a library, the Australian government publishing services, shopfronts. How they interpret and use that information is something for them, not for us, and not for us to anticipate.

Ms Halton—If I can add to that answer, I think it is important to understand that the department is a major source of information about health, nationally. I understand that our principal web site is the site with the most hits in relation health inquiries domestically—so it is Australians seeking health information, be that about the operation of policy or a variety of other links, I cannot tell you, obviously. But that web site is, as I am advised, the most commonly used source of information, and I understand one of our other web sites is very

high up the list of frequently contacted sites, so I think the department is seen as a credible source of information about health and health policy, which is where that information is listed.

Senator WEST—So for anybody seeking information that is not in the public domain, are they automatically sent to the minister's office, or is that only for former ministers?

Ms Murnane—No. There is a spectrum of information. There may be some information that is not in the public domain—and I cannot actually think of anything. But, for example, every day our media area gets requests for clarifications from journalists. Sometimes the information back is just so obvious that it can be given. Sometimes they would be told that the information was not available. Sometimes it might be borderline, and there would be a discussion with the minister's office. These things do not come in neatly packaged categories. But your question to me was in the case of a former minister requesting information, and I put the caveat on it that if the information was not available in the public domain what I would do is refer that minister or former staffer to the current minister's office.

Senator WEST—You told me though that you do not have a written protocol. Would the officers junior to you know this or would they just have had to absorbed it by osmosis?

Ms Murnane—No, they would not have had to absorb it by osmosis. I think what people do know is that requests for information are to be treated seriously and to be referred to their supervisor.

Senator WEST—I actually did ask how the staff should interact with recently past ministers. I am interested in how they should interact, not what the protocol is for a recently past minister seeking information that is not on the public record. It is how they should interact, and that is a far wider classification or categorisation than just seeking information on the public record.

Ms Halton—Senator, I wonder if I could make a comment about that? Departmental officers come across, in their day-to-day business, a vast number of people, as you are well aware. They deal with members of professional colleges, they deal with members of the community, they deal with community groups. As Ms Murnane has said, particularly for junior officers—which I think one of your questions—we hope and we understand that if they are asked for information, be that in the course of some broader contact or a direct request for information, that they would refer that to their more senior officers. It would be my expectation that, in all dealings with external parties, officers of the department behave consistently with public service standards of behaviour, and that they would treat any interaction with a former minister one, with appropriate courtesy, as you would all expect and I believe hope, and, secondly, be conscious that there might be issues about that interaction that they might, if they are concerned about it, raise with their senior officer.

I do not know if there is some particular incident which is the focus of your question, but I think there is no doubt that officers in the department, in dealing with members of the public, members of colleges and indeed former ministers, are conscious of their role in both reflecting government policy and the administration of the programs that we are charged with. As Ms Murnane has been trying to point out, while there is not some codified practice that says that if you have either a request from a former minister or a dealing in some other professional context—and I think you mentioned a couple of other organisations where you believed that a former minister is engaged—that they would manage that with all appropriate probity.

Senator WEST—The chief thing is that there is no written protocol. Minister, does the ministerial code of conduct identify protocols in dealing with former ministers—recently past ministers—who have taken appointments with organisations directly related to that former portfolio? Is there are protocol within the code of conduct for dealing with those contacts?

Senator Patterson—I have read the code of conduct but cannot remember the detail. I stand corrected, but I do not think there is detail about that. I would need to go back and look at it again. I will do that and let you know.

Senator WEST—Thank you. On how many occasions has the former minister met with departmental officers to discuss health business on behalf of other organisations—because there is a difference between asking questions and discussing business?

Ms Halton—We will inquire among staff in the department and we will get you an answer.

Senator WEST—So it is quite possible that the former minister has had meetings with departmental officers?

Ms Halton—I do not have any knowledge of whether he has or has not. In taking it on notice, I am not implying anything about that; I am simply saying that we will inquire of staff and provide you with an answer.

Senator WEST—On how many occasions have Department of Health and Ageing officers met with the former minister in a social setting at which business matters were discussed?

Ms Halton—Similarly, Senator, I do not know the answer to that and we will inquire. To the extent it is possible to gather that information, we will provide you with an answer.

Senator WEST—That includes things like conferences, lectures and general speeches. It is a very broad definition of 'social' here, not necessarily the cocktail party.

Ms Halton—I just think we need to be a bit careful. It may be hard for staff in the department to identify every occasion on which they might have been within the vicinity of a former minister. We will endeavour to get you as accurate an answer as we can, but I do not know if a fine level of precision is going to be possible if we are using that broad a definition.

Senator WEST—How much money does the department provide—

Senator Patterson—Can I just interrupt there. With all due respect, Senator West, it could be totally inadvertent that an officer is at a function—an opening of something—that a former minister happens to be at. I do not know whether that has occurred, but I think it would be fairer to ask the question: has there been any formal meeting? To bump into someone at a function and not speak to them would be impossible. To remember that is asking a bit much of the officers.

Senator WEST—You have missed the key part of this question: which business matters were discussed—that is, matters pertaining to those two organisations in the department of health and specific relationships there? I do not mean bumping into someone at a cocktail party and saying, 'It is a lovely sunny day today and the sailing was great or the holiday was nice.' I mean business matters discussed.

Ms Halton—Can I clarify your question then, Senator West, because you did ask about social occasions. Is your question explicitly about business related discussions, be they in social circumstances or otherwise?

Senator WEST—Yes.

Senator CROWLEY—In answer to a question from Senator Evans, Ms Murnane, you said that information requested from such a person would be referred to the minister.

Ms Murnane—I am losing a little knowledge of the context in which it was said. As I recall, Senator West's first question to me was: was there a protocol for dealing with former ministers—

Senator WEST—That's right.

Ms Murnane—and I said, no, there was not a written protocol but that, as the department deals with many requests for information and, as the secretary has said, we make a lot of information available, if the information requested is not in the public domain then we would generally use judgment. In the case of a former minister, we would inform the current minister that the former minister had asked for information. If the information was in the nature of information that was not available in the public domain, defined quite vastly and incorporating our web site, then we would have a discussion. Normally, I would ring Senator Patterson's chief of staff and say to her that this request had been forthcoming and ask her what was their attitude. Clearly, there will be information that will absolutely not be available to a former minister because it is cabinet-in-confidence or commercial-in-confidence. I assume you are asking about information that a former minister might be asked for during their time as minister.

Senator CROWLEY—Have you made any such contact with the chief of staff about this matter?

Ms Murnane—I have not, no.

Senator CROWLEY—Has anybody else in the department?

Ms Murnane—To my knowledge, no. But, as the secretary said, that is something that we will check.

Senator CROWLEY—I think it is also a question to the minister. Minister, has your chief of staff received any memory joggers or reminders or notes like this: I have been contacted by minister X with a request for information? Have you received any requests of this sort or any notices of this advice, Minister?

Senator Patterson—I have not been advised of that. My chief of staff is sick with the flu at the moment and unlikely to be at work for the rest of the week. I will take that on notice, but I will not have the answer by tonight because I am not going to ring her when she is unwell. To my knowledge, that is not the case. I think one of the problems we also have to look at is that, when we set down protocols and guidelines, we do actually have a former minister who is on an advisory committee in another portfolio, my previous portfolio responsibility. So there are situations where a former minister of another party can actually be receiving information from a department. We have to be very mindful that, when we set down guidelines, they can have restrictions on the very example of a former minister who is now on an advisory committee to the current government.

Senator CHRIS EVANS—I think that is a fair point, Minister. The public issue at stake here, though, which has been raised in relation to Dr Wooldridge and Mr Reith, is the question about potential conflict of interest and use of information gained as a minister. No-one is suggesting they cannot go out and earn a living, and no-one is saying they do not have skills that they may have picked up and developed as ministers that are useful to organisations. The public concern, obviously, is the question of what information they may have gained in terms

of briefings or inside information and how that is used. That is why other countries have protocols, regulations et cetera, and we are just exploring what is currently in place.

Senator Patterson—You asked me the grandfather question: you asked me to ask my chief of staff whether she has had any contact requesting information from the department. Is that the question you are asking me? I want to clarify the question.

Senator CHRIS EVANS—Senator Crowley asked the question.

Senator CROWLEY—I was interested to know whether your chief of staff has received advice or reports from people like Ms Murnane that a senior minister or a minister has been requesting information.

Senator Patterson—You mean a former minister?

Senator CROWLEY—Yes. It is a kind of logical consequence: has anybody—

Senator Patterson—You said a minister. Let us get it clear, Senator Crowley. What you are asking is: has a former minister—do you mean an immediate past minister? I want an exact question because you are complaining about getting the answer yes, which was the answer to the question. I know from estimates that what you get is what you ask for—sometimes that is frustrating. Clarify for me the question that you have asked. You said a minister, do you mean a former minister?

Senator CROWLEY—A former minister.

Senator Patterson—An immediate past minister? I am not going to go to the department and say, 'Have you had a visit from any minister?' Is it the former, immediate past minister?

Senator CROWLEY—That would be a very good one for starters, yes.

Senator Patterson—Okay, so you are asking whether my chief of staff has been asked by the department—

Senator CROWLEY—No. Has anyone in the department reported, as Ms Murnane said, to the chief of staff that they have had contact from Dr Wooldridge asking for information in the department?

Senator Patterson—Good, that clarifies it. Thank you.

Ms Halton—Senator, we will endeavour to get the answer to that to you.

Senator Patterson—Thank you.

[9.57 a.m.]

CHAIR—If there are no further questions on the portfolio overview, we will move on to outcome 2, Access to Medicare.

Senator CHRIS EVANS—While the program may have changed, the subject is the same: Dr Wooldridge. Could we start with this question of GP House?

Dr Morauta—That is under outcome 4.

Senator DENMAN—I have some Celebrex questions. Could you tell me how many Celebrex scripts have been written since it was listed?

Mr Lennon—I can get that information for you reasonably quickly, but I certainly have the figures on expenditure for Celebrex.

Senator DENMAN—Yes, I want those too. Could I have the cost figures for the first 12 months of its listing on the PBS?

Mr Lennon—Yes. Celebrex was listed on the Pharmaceutical Benefits Scheme on 1 August 2000. For the period between 1 August 2000 and 30 June 2001, the cost to the government of Celebrex scrips was $170 million. For the period July to December this year the cost was of the order of $33 million.

Senator DENMAN—Do you know what Celebrex is prescribed for, other than an anti-arthritic drug?

Mr Lennon—The information I gave you for the last six months is slightly incorrect. The approximate cost was $50 million, not $33 million.

Senator CHRIS EVANS—Are you saying demand is going down?

Mr Lennon—No, there are now two drugs in that particular class of drug that Celebrex represents, which is the COX-2 inhibitors. There is now a drug called Rofecoxib or Vioxx as well as Celebrex. Rofecoxib or Vioxx has taken some of the market off Celebrex, so you really need to look at the two drugs together. In relation to the two drugs together, for the period August 2000 to June 2001, the total cost to the Pharmaceutical Benefits Scheme was about $185 million. On the basis of the information we have for the current financial year ending in June 2002, I would estimate that the cost to the government for those two drugs will be of the order of $165 million. The prescribing pattern for the COX-2s has basically plateaued.

Senator DENMAN—Is Celebrex described for things other than arthritis?

Mr Lennon—No, Celebrex is only prescribed—

Senator DENMAN—That is not the information I get, which is that it is being prescribed more widely than as an anti-arthritic drug.

Mr Lennon—A distinction needs to be drawn here in relation to the prescribing restrictions on Celebrex under the Pharmaceutical Benefits Scheme. Those restrictions require that the drug be prescribed for arthritis to get the Pharmaceutical Benefits Scheme subsidy. However, it may well be that in practice doctors are prescribing Celebrex for uses outside the prescribing restrictions on the Pharmaceutical Benefits Scheme.

Senator DENMAN—If it is not prescribed as an anti-arthritic drug there is no PBS refund?

Mr Lennon—That is correct, Senator.

Senator CHRIS EVANS—What are we budgeting for the next financial year for Celebrex?

Mr Lennon—For the current financial year, which is the year ending 30 June 2002, I would expect the two COX-2s, Celebrex and Vioxx, would, between them, have a cost to the government in the order of $165 million, of which Celebrex's share would be approximately $100 million.

Senator CHRIS EVANS—What were the estimates on which the budget estimates were originally based for those drugs?

Mr Lennon—At the time Celebrex was listed in August 2000, the budget estimate which underpinned the first year cost for that drug was of the order of $40 million.

Senator CHRIS EVANS—So almost half of the global blow-out in PBS costs is explained by the increase in the cost of Celebrex. What is the other drug called?

Mr Lennon—The other one is called Vioxx, a drug that has been determined to have an equivalent health impact.

Senator CHRIS EVANS—When did that get listed?

Mr Lennon—In February 2001.

Senator CHRIS EVANS—Is it fair to say that, as I understand the additional estimates, we now have an increase in the PBS of about $273 million?

Mr Lennon—Yes, that is correct.

Senator CHRIS EVANS—We budgeted $40 million for Celebrex—

Mr Lennon—You may be juxtaposing between financial years there.

Senator CHRIS EVANS—I am happy for you to lead me through this so that I get it right.

Mr Lennon—I am happy to do that, Senator. The first financial year I talked about was the financial year ended 30 June 2001. That was the year in which the estimated financial cost of listing Celebrex was originally $40 million and turned out to be higher than that.

Senator CHRIS EVANS—What was the cost for that year?

Mr Lennon—The cost for that year for Celebrex was of the order of $160 million. You are now talking about the additional estimates for the following financial year, 2001-02. What I am saying is that there is no factor in there in relation to a blow-out with Celebrex, because Celebrex is tracking pretty similarly to what occurred in the financial ended June 2001.

Senator CHRIS EVANS—You are saying that $160 million is roughly what it will cost in that financial year as well, so there has not been a blow-out from the previous financial year. What were your estimates for the cost of Celebrex for 2001-02 originally?

Mr Lennon—I think we have discussed this matter previously. We indicated that, while we produce a discrete estimate at the point when a drug is introduced on the Pharmaceutical Benefits Scheme, once it has been in the system for a year we do not then produce a series of discrete estimates for the following years. The estimate is then a global estimate.

Senator CHRIS EVANS—I think we also agreed that you would have to have some rough idea, otherwise you would not get anywhere near being close on the budget estimates.

Mr Lennon—It is fair to say that the financial cost for Celebrex for the current financial year—that is, the year ended 30 June 2002—is in line with the expectations which underpin the budget figuring.

Senator CHRIS EVANS—So broadly on track?

Mr Lennon—Yes.

Senator CHRIS EVANS—Can you provide an estimate for next year? What is your best guess about what is going to happen with the cost of Celebrex to the PBS over the next financial year?

Mr Lennon—I would expect that there will be no further significant growth in the cost of prescribing Celebrex under the Pharmaceutical Benefits Scheme. Basically, its use has plateaued in the community. It is being used extensively now.

Senator CHRIS EVANS—You think it will be interchanged with Vioxx but that the global costs for those two drugs will stay basically on a plateau?

Mr Lennon—They will plateau or perhaps their use will drop slightly, but they will not be a significant contributor to PBS growth over and above what has occurred to this point in time.

Senator CROWLEY—Certainly, some of us know cases of people who, if you take what they are saying as fact—and we have no reason to doubt it—are being prescribed Celebrex for other than arthritis. It is quite easy for a doctor to just call it arthritis and get the PBS benefit for the patient. Do you know to what extent these drugs were being flogged by the manufacturers? In some ways you could say that it became the sexy tablet on the block and people got it for lots of reasons. Do you have any sense of how hard Celebrex was promoted to doctors and what extent this would have made to the prescribing practices?

Mr Lennon—I would expect that Celebrex, as a new generation drug with particular safety advantages, would have been actively promoted by pharmaceutical detailers to doctors.

Senator CROWLEY—Yes.

CHAIR—It is hard for the department to know what marketing procedures the companies undertake. That is essentially what you are asking: what marketing procedures have been undertaken by the company producing Celebrex or Vioxx to the doctors? The department does not enter into the marketing arrangements of a private company.

Senator CHRIS EVANS—The point is that on this occasion the government did reject the PBAC recommendation about a price volume agreement. That is why there is a lot of interest in this. As I understand it, you rejected a price volume agreement on Celebrex, did you not?

Mr Lennon—The Pharmaceutical Benefits Advisory Committee recommended the listing of Celebrex and it provided advice to the Pharmaceutical Benefits Pricing Authority about that listing. The Pharmaceutical. Benefits Pricing Authority took the decision about the price at which Celebrex should be listed on the Pharmaceutical Benefits Scheme as it normally does. It was entirely in accordance with the normal procedures.

CHAIR—I will ask a question here in relation to any of the COX-2 inhibitors. Has there been any research undertaken to demonstrate the savings for people taking the new generation COX-2 inhibitors? For example, has there been a reduction in work days lost, a reduction in endoscopic procedures that people who were previously taking anti-inflammatory drugs were being subjected to endlessly, a reduction in days of hospitalisation—all of those knock-on effects and benefits for people taking a new generation drug as opposed to the previous drugs.

Mr Mitchell—The answer to your question is that we received a fair amount of that sort of information in the application for listing. The sorts of claimed cost offsets were reduced use of gastrointestinal protective agents such as the proton pump inhibitors and the H_2-receptor antagonists. Likewise there were claims for reduced hospital costs offsets. In the main, we have gone looking postlisting to see whether those have occurred. In particular, there is less of the reduction in the use of gastrointestinal drugs than we would have expected. So to some extent those claims have not been borne out in practice.

But it is safe to say that you would also expect that there would be what we call confounding by indication, in other words, there is some likelihood that the patients who would receive these drugs were those thought by the prescribers to be at the greatest risk. So in a sense you get a self-fulfilling prophecy occurring whereby you get patients at greater risk

still developing this despite having a greater protective agent. So it is hard to distil out what really is going on from all those competing factors.

CHAIR—Is there an ongoing assessment being made of some of these cost benefits that were alleged to be associated with the introduction of these drugs?

Mr Mitchell—Within the limits of what we are able to do and, as I say, the main focus to date has been looking at the cost offsets within the Pharmaceutical Benefits Scheme. It is much harder to translate from that into hospital schemes, for example, because there is no way of identifying those patients who switched from a non-selective to a COX-2 selective and then seeing what happens, whether they are more likely to be hospitalised or not. Just in terms of the construct of that sort of study design, we do not have the necessary linkages to make that. So within the limits of what we are able to do, we are certainly doing what we can.

CHAIR—The reason I ask that question is that constituents have been concerned when they read in the papers that there might be a possibility that the COX-2 inhibitors are going to go off the PBS. They have told me that they were being investigated endoscopically, I think every three to six months or something, when on previous drugs and they now have no need for that type of investigation. I think it was two or three constituents, which made me think that there would have to be many more of those who have changed drugs in that same situation.

Mr Mitchell—I would have to say that I am not aware of that.

CHAIR—Obviously, there is a saving offset for the expenditure.

Prof. Smallwood—It is worth recalling that there have been two large outcome studies involving many thousands of patients, not in Australia, where over a six-month period there was clearly a major reduction in complications of ulcers, such as bleeding, perforation and obstruction, with a concomitant reduction in costs. I think anecdotally the stories you are telling of fewer endoscopies in people who do not have complicated ulcers but who might develop them is very widespread.

Senator CROWLEY—I think the point is very important. If you can argue, as well as people do, with evidence about cost reductions from reduced endoscopies and the falling use of other medications to get this on to the PBS then what does the department require for continuing evidence that this is the case? As I understand your figures in answers to questions from Senator Evans, an estimate of $43 million was actually an actual expenditure of $173 million.

Mr Lennon—Yes, of that order.

Senator CROWLEY—That seems to be an outlay increase rather than a saving. Where are you getting the savings that were so well argued and that allowed this drug to come on to the PBS? To what extent and how do you follow it up? I think it is a very important point.

Mr Lennon—These drugs were listed on the PBS on the basis of a recommendation from the Pharmaceutical Benefits Advisory Committee that they are significantly safer than the traditional non-steroidal anti-inflammatory drugs. All of the clinical data before the committee at that stage indicated that there was that safety advantage. That remains the state of the debate. It is true that there has been significantly greater usage than was anticipated at the time of listing. But the evidence that was brought before the committee on which it took a decision basically still stands.

Senator CROWLEY—Some $120 million, as I understand it, is the difference between what was thought to be the cost and the actual cost. I am not quite sure, but I think you said that Celebrex was $170 million.

Mr Lennon—Yes, it was.

Senator CROWLEY—So the estimate of what this drug would cost is out by $120,000. Do we have any estimate from you or PBAC of the savings?

Mr Lennon—The Pharmaceutical Benefits Advisory Committee looked at all of the cost offsets and they were detailed at the time of listing. At the end of the day, what the Pharmaceutical Benefits Advisory Committee is required to do in relation to any particular new listing is look at the medical benefits and the cost of a particular drug compared to others that are on the scheme and then make a comparison between them.

Senator CROWLEY—That was then; that was on the way in. Now a year or two later there is clear evidence that the cost of this medication were very underestimated. Who actually does the follow up to see that the research claims about the cost benefits is actually the case? Does anybody do follow up to try to see whether the research claims that got the drug listed in the first place are actually held to be the case the year later. For example, has there been a reduction in any other antiarthritic medications?

Mr Lennon—Yes, there has been a reduction in the use of some other antiarthritic medications. But, to take the full gamut of your question, the drug utilisation subcommittee of the Pharmaceutical Benefits Advisory Committee does monitor usage trends and provides advice back to the Pharmaceutical Benefits Advisory Committee. The committee has been monitoring what has been happening in practice with the prescribing of Celebrex and has requested certain additional information from the company—on which the onus of proof is, after all, to be able to demonstrate its case and to continue to demonstrate its case. That information has been provided to the Pharmaceutical Benefits Advisory Committee, along with information from the other major manufacturer involved, the manufacturer of Vioxx, and the committee has considered that further information. At this point in time, there have been some minor changes to the listing requirements but there has been no major change to the position that was taken at the time of listing the drug.

Senator CROWLEY—Is the information provided to the drug usage committee available to this committee?

Mr Lennon—Information that the drug utilisation subcommittee obtains would be, in part, commercial-in-confidence but certainly some of it may not be. To the extent that it is information that could be put out into the public domain, I would have be happy to have a look at doing so.

Senator CROWLEY—Thank you.

CHAIR—Senator, remember what Professor Smallwood said—that there has been evidence of reduction of interventions and endoscopies and so forth, and also a reduction in the development of ulcers and return ulcers for people who are on other drugs. They are all savings as well.

Senator CROWLEY—Thank you for that, Madam Chair. I understood Professor Smallwood was saying, 'in the lead-up to the registration of the medication'. If I am wrong, Professor, I am sorry.

Prof. Smallwood—No, the large outcomes studies are studies, primarily in the US and Europe, which are after the USFDA acceptance. They have looked at complications of ulcers. The data leading up was primarily endoscopic studies looking at how many ulcers form. The ulcers with Celebrex were at about the same rate as with placebos, and very many fewer than ulcers with one of the other non-steroidal anti-inflammatories. But then the much larger outcomes studies with many thousands of patients were looking at complications.

Senator CROWLEY—Thank you for that. Can I just ask one last question which is to go back to the first one: how does the department check, if at all, the effort pharmaceutical companies are putting in to promoting their product amongst doctors?

Mr Lennon—That is not a matter which the department monitors.

Senator CROWLEY—Who does, if anybody?

Mr Lennon—The pharmaceutical benefits branch, which is responsible for the listing arrangements, would be involved.

Senator CROWLEY—If there is anything you can provide to the committee, to me, on how the companies are promoting their medications, I would be pleased to get it. I certainly know of studies in the past where the prescribing practices of doctors were significantly dependent on how much the pharmaceutical companies promoted their medications to them.

Mr Lennon—There is a voluntary code of conduct that the pharmaceutical companies operate under in relation to marketing practices.

Senator CROWLEY—I think that's right, and there are not so many free bottles of wine or fountain pens given to doctors these days. They have gotten subtler! But I would love to know what you are doing to follow how much they are promoting their own drugs, particularly when you are talking about $120 million excess in a year.

Dr Morauta—We can take on notice your question, in relation to published research which bears on that question, and we can get back to you on it.

Senator CROWLEY—Anything relating to how the department might watch what contributes to a cost blow-out of, effectively, $100 million in a year would be helpful.

Mr Lennon—The Therapeutic Goods Administration of the department is also involved in regulation of advertising, so that might be an issue that they may wish to comment further on.

Senator BOSWELL—I do not know who my question should go to. It regards linea accelerators and gamma knives. Any volunteers?

Mr Maskell-Knight—Ask us the question, Senator, and we will try to find someone to answer it.

Senator BOSWELL—A couple of months ago the Medical Service Advisory Committee did a review on a gamma knife and rejected it as a method of curing tumours and so forth. It seems to me, from my information—which I checked—that every other country in the world has a gamma knife, whether it be Singapore, Hong Kong, Third World countries, First World countries or America. Are we wrong and everyone else is right? Or is the rest of the world right and we are wrong? I have no knowledge of medical applications but, if everyone else has accepted that a gamma knife will do a job and we reject it, even if you are not involved in the medical profession it would seem commonsense that we have to be wrong or the rest of the world is wrong and we are right. Are we the only one in step and the rest of the world is out of step?

Dr Primrose—I was chair of the Medical Services Advisory Committee supporting committee that looked at the issue of the gamma knife. The parameters that MSAC uses to make its decisions include clinical need, safety, comparative effectiveness and comparative cost effectiveness. The issue that MSAC needs to resolve is whether the medical service in question is cost effective and therefore warrants public subsidy under Medicare or another government health program.

It was clear that there was a clinical need for stereotactic radiosurgery to treat small lesions in the central nervous system. These can be tumours or blood vessel malformations. There are two types of stereotactic radiosurgery that can be used. The one that is currently used in Australia employs a modified linea accelerator, and that is available in a number of centres in Australia. The other one uses the gamma knife, which involves a cap into which the patient's head is inserted and it has a large number of small cobalt sources in it which are focused onto the lesion. So there are two competiting modalities.

Senator BOSWELL—I understand that, but my question is why every other country in the world—I think it is every other country in the world—has accepted that the gamma knife does a job that the linea accelerator will not do as efficiently, yet we have rejected it. It seems to me that that defies logic: that we are right and everyone else is wrong or we are wrong and everyone else is right. How many countries in the world have gamma knives?

Dr Primrose—I could not answer that question off the top of my head. It may be in the report. We could look into that.

Senator BOSWELL—Did you look at that when you were making the decision?

Dr Primrose—Yes. We had information from the sponsor in terms of the number of other countries that had it at that time and we also looked at health technology reports from other countries.

Senator BOSWELL—How many patients with intracranial tumours travel overseas each year at their own expense to receive gamma knife surgery? You would have had to have looked at that, I would imagine.

Dr Primrose—We did not have that information. We had sent one patient to Singapore for gamma knife treatment—it is not really surgery; it is radiation therapy—but this was because the patient had had previous stereotactic radiosurgery using the gamma knife in Singapore, and it was important to align the fields properly with the previous treatment. There was no way that could be done in Australia. That was done under the medical treatment overseas program.

Senator BOSWELL—There must be other people that would require that treatment. Surely not just one person out of all the people in Australia needs to use this treatment; there must be more people.

Dr Primrose—The competing treatment of LINAC based stereotactic radiosurgery, on the basis of our evaluation, is every bit as good as gamma knife. We looked at data relating to the safety and effectiveness of both gamma knife and LINAC based radiosurgery and found no difference in outcomes between those two modalities.

Senator BOSWELL—You are saying that a gamma knife and a linear accelerator will do exactly the same job at exactly the same cost with exactly the same effect, and that it will not have repercussions. The gamma knife will not do the job better and it will not get people back on their feet quicker. Is that what you are saying?

Dr Primrose—No, I did not say that. What I said was there were no head-to-head randomised control trials comparing LINAC based radiosurgery to gamma knife treatment—

Senator BOSWELL—But would you not do that if you were making an assessment? As I say, I am not familiar with it, but the first thing I would have done would be to say, 'Every other nation in the world uses this. It must be reasonable.' If it is unreasonable, then I would give explanations as to why everyone used it and why we did not. You are telling me that they both do the same job, but you will not go further and say that one will do the job better or quicker or that one will get people on their feet faster. Did you make all those assessments?

Dr Primrose—Yes, we did.

Senator BOSWELL—And you found that the gamma knife would not perform as well as the linear accelerator, through all of these criteria?

Dr Primrose—No, I did not say that. I said that, on the basis of the evaluation that we did, which was limited by the fact that there was no randomised control trial comparing these two modalities, the gamma knife and linear accelerator give similar outcomes in terms of safety and effectiveness. What I have not said until now is that the gamma knife is significantly more costly to achieve those outcomes. It should be noted that it is possible to claim for gamma knife treatment under Medicare using the current stereotactic radiosurgery item, which does not specify whether the treatment is given by a modified linear accelerator or by a gamma knife.

Senator BOSWELL—You are saying that, if someone were to bring a gamma knife into Australia, they would be able to access a Medicare number.

Dr Primrose—Yes, the Medicare number for stereotactic radiosurgery would apply to gamma knife or to LINAC based radiosurgery.

Senator BOSWELL—Let me get this very clear. If someone were to bring a gamma knife into Australia, they would be able to get it into a hospital. Are you familiar that Queensland hospitals will put the gamma knife in? The Queensland Health Department has said they will put it in. You are now telling me that that would attract a Medicare number and that people would be able to claim Medicare.

Dr Primrose—As things stand at the present time, the MSAC recommendation was that, because there was no apparent difference between the two treatments, the item number be kept as is and that treatment with either modality would, therefore, be claimable under that item. That was the MSAC recommendation. I am not sure whether the department has accepted that as a principle, and I would probably have to refer that to—

Senator BOSWELL—But that would be in your report.

Dr Primrose—That was not in the report, because the report went to MSAC. That was the MSAC conclusion when they dealt with this item.

Senator BOSWELL—I think if that is your conclusion, it will make everyone pretty happy.

Dr Primrose—That was the conclusion of the Medical Services Advisory Committee. I am not a member of that committee.

Senator WEST—Has a decision been made not to list Viagra?

Mr Lennon—Yes, that is correct.

Senator WEST—Who made the decision?

Mr Lennon—The decision was made by the government and announced in a press release put out on 14 February by the minister.

Senator WEST—Refresh my memory. Does the press release give a reason for the decision? It is not an efficient or effective way of treating impotence. Is it because of cost?

Mr Lennon—The press release is quite short and I am quite happy to read it, if that would help. I will table it. The Pharmaceutical Benefits Advisory Committee recommended that, in accordance with its normal listing criteria relating to cost effectiveness, Viagra passed those threshold tests. The committee therefore recommended, at its December 2001 meeting, that Viagra be listed subject to a number of restrictions for certain narrowly defined patients. At the same time, the Pharmaceutical Benefits Advisory Committee expressed considerable concern about the potential cost of listing Viagra on the Pharmaceutical Benefits Scheme, indicating that it could cost in excess of $100 million per annum. It therefore qualified its recommendation by asking the government to consider whether costs of this magnitude for the treatment of erectile dysfunction would be an appropriate use of taxpayers' funds.

The Pharmaceutical Benefits Advisory Committee recommended the listing of Viagra according to its standard procedures for a particular group of patients. At the same time, it expressed considerable concern about the overall cost of listing, which it felt could be in excess of $100 million. Therefore, it asked the government to consider whether costs of this magnitude for the treatment of erectile dysfunction would be an appropriate use of taxpayers funds. The government subsequently considered the PBAC's recommendation, particularly in light of the growing costs of funding necessary medicines, which now exceed $4 billion per annum. The government then took a decision that, in the circumstances, it would not be the best use of scarce funds to subsidise Viagra and decided not to accept the Pharmaceutical Benefits Advisory Committee recommendation, that having been a recommendation that was made with considerable caveats. That then led to the minister's press release of 14 February where she announced that. She indicated that the government decided that, given increasing demands on the Pharmaceutical Benefits Scheme, funding for erectile dysfunction should not be a priority. The minister emphasised that she was not dismissive of the problems faced by men suffering from erectile dysfunction but that the government was faced with difficult choices and must ensure the sustainability of the Pharmaceutical Benefits Scheme.

Senator WEST—So cost was the reason?

Mr Lennon—I think the comments in the press release stand for themselves—certainly the cost of subsidising this particular treatment, which could add in excess of $100 million to the Pharmaceutical Benefits Scheme against the many other priorities which are also being recommended over time in terms of additional drug listings on the PBS.

Senator WEST—Is this related to a concern that, whilst the PBAC identified a particular group for which this was an appropriate drug, from previous experience there were—I use the term—'leakages' away from those criteria, and you picked up or found that it was being prescribed to a much larger group of clients or patients than, in fact, fitted the original guidelines?

Mr Lennon—No, that was not the issue this time. With the way the restriction on listing had been written to the particular patient groups, the Pharmaceutical Benefits Advisory Committee did not think 'leakage'—as you referred to it—outside those groups to other groups would be a substantial problem. The problem was that, in the committee's view, even with the restrictions written as they were to the particular patient groups, it could still cost in

excess of $100 million. It expressed concern about that number, and it asked the government to consider whether funding of this magnitude for the condition of erectile dysfunction was an effective use of taxpayers' funds against the many other priorities that the committee is being asked to address in terms of new drug listings.

Senator WEST—So inappropriate prescribing, or prescribing in a way that was contrary to the identification of the target group, was not a concern of the department? Was it a concern of the government?

Mr Lennon—In terms of the final decision that the government took, it responded to the specific request that it received from the committee, the PBAC. That was (a) to express concern about the total cost and (b) to answer the question: was the expenditure of this amount of money for this condition justified against other government health priorities? Neither the committee nor the government expressed concern that there would be substantial prescribing outside the intended restrictions that were put on the drug in the PBAC recommendation.

Senator WEST—Minister, did the government have any concerns about this inappropriate prescribing or the leakage away from the target group for the prescription?

Senator Patterson—I explained in the press release the reasons for not putting it on the PBS.

Senator WEST—I see. You do not wish to canvass the issue any further.

Senator Patterson—That is not necessarily the case, Senator West. I am saying that the reasons it was not put on the PBS are outlined in my press release.

Senator WEST—So the issue of appropriate and inappropriate prescribing: how big an issue is that then? This is not necessarily just on Viagra, but Viagra is the drug we are discussing here.

Senator Patterson—Senator West, I have said on a number of occasions, publicly—in press conferences—that the issue of the PBS is a very serious one for Australia. It is an issue for the government, it is an issue for the opposition, it is an issue for the drug companies, it is an issue for the prescribing doctors and it is an issue for the community. All of us have to take responsibility for the program. It is a very important program for Australia's health, but it is very important that it be sustainable. All of us involved, from government right down to consumer to patient, are important players in ensuring that drugs are used appropriately and that they are complied with so that they are prescribed for the reasons under the guidelines of the PBS and that Australians understand the cost of the PBS. I think it is very timely that all of us—as I said, from government through to the drug companies, through to prescribing doctors and patients—understand that there is a real sense of responsibility in that we are using taxpayers' money and it ought to be used as wisely as possible.

Senator WEST—Minister, I do not disagree with you at all, and that leads me to my next question: what is the department and government doing in an attempt to improve this appropriate prescribing and reduce the inappropriate prescribing of pharmaceutical goods under the PBS?

Mr Rennie—The National Prescribing Service is a major initiative of the government. In the last budget there was extra funding given to the National Prescribing Service to educate prescribers on appropriate prescribing. This is one initiative of the government to highlight to prescribers the correct way of quality prescribing as well as cost effective prescribing.

Senator WEST—Sorry, to highlight?

Mr Rennie—Quality prescribing as well as cost effective prescribing.

Senator WEST—That is one program. You have a number of programs?

Mr Rennie—In the last budget, for example, on the lipids measure, initiatives were taken to have education programs of both prescribers through the National Prescribing Service and the community. A contract has been entered into in the last six months with the National Heart Foundation to educate consumers on lipids measures. Also, the Health Insurance Commission has a role here with the education of prescribers in prescribing to PBS restrictions.

Senator WEST—So you have a program going for lipid reduction prescribing. That is one set of drugs out of how many that are covered under the PBS?

Mr Rennie—There are many.

Senator WEST—So it is only a small section, is it not?

Mr Rennie—That is one more recent example that was announced in the last budget, where an emphasis was given towards it. There are others. There is a recent listing of Gleevec.

Senator WEST—A recent listing of?

Mr Rennie—Gleevec.

Senator WEST—Yes, I have some questions about Gleevec.

Mr Rennie—But, once again, that had built into it some restrictions that were placed on prescribers in order to demonstrate that they met the PBS restrictions and that the drug was being prescribed for the specific patients identified under the PBS as being those who should be subsidised.

Mr Lennon—If I may, there is also a sort of multifaceted approach to try and ensure that actual prescribing of PBS drugs is in accordance with PBS restrictions. A lot of those focus directly on the doctor through educational programs.

Senator WEST—I want details of how many programs you have running, what the programs are, who they are directed at. Are they directed at doctors, patients, and the drug companies the minister talked about? Also, what about the advertising of drugs? It strikes me that we are now seeing a lot more advertising of drugs. Whilst allegedly—according to the manufacturers—that will not increase the use, it is certainly softening up the community for them to know the name of a drug and request it.

Mr Lennon—There is a range of educational programs that are focused primarily on the National Prescribing Service to try and—

Senator WEST—Is this possible to take on notice and for you to come back to me with some sort of list, an outline, of what the programs are? I want to be able to pursue and identify and then go through with you what parameters you have for measuring the efficacy of those programs: whether they are working, whether they are not working, where the role of the HIC is in this.

Dr Morauta—We can easily do that.

Ms Halton—That is fine. We will try and give you a much more comprehensive answer.

Senator WEST—Otherwise we will sit here for the next six hours, extracting teeth on this particular issue.

Ms Halton—Yes, and we will try to get it to you in a timely way.

Senator WEST—The issue of leakage and inappropriate prescribing and the monitoring of inappropriate prescribing: I understand that is an HIC role. Is that correct?

Mr Lennon—To the extent that the Health Insurance Commission is responsible for enforcement of the prescribing restrictions as opposed to the educational programs to try and improve prescribing, yes, that is correct.

Dr Morauta—The department works very closely with the Health Insurance Commission on these matters. For example, the arrangements around Gleevec were worked up really very closely with them.

Senator WEST—Who is responsible for identifying inappropriate prescribing?

Dr Morauta—In the individual case, that would be the Health Insurance Commission. Perhaps they would like to comment on this.

Mr Lennon—In relation to new listings, for example, the Drug Utilisation Subcommittee of the Pharmaceutical Benefits Advisory Committee monitors actual usage patterns against expected usage patterns. Where, for example, actual usage is significantly higher than was expected, we start asking questions about why that is so. That may well lead to initiatives or action around inappropriate prescribing.

Senator WEST—How long is that monitored for?

Mr Lennon—The time would vary, but the Drug Utilisation Subcommittee is a body that is a continuous body. It would be doing this actively for a particular drug, until such time it is satisfied that there is not a problem with usage that might be related to inappropriate prescribing by doctors.

Senator WEST—Do you review maybe five or 10 years later some of the drugs you have approved to see what the usage patterns have been—whether they are still in accordance with the projections you must have made?

Mr Lennon—We do regularly look at actual usage patterns against anticipated. We tend to focus mainly on the new listings but we also look at drugs that have been on the scheme for considerable periods of time where we find that something unusual is happening.

Senator WEST—Is it possible for the leakage to be such that a doctor could be prescribing up to eight times the amount of the drug than is estimated to be appropriate for legal or legitimate users?

Dr Mould—Perhaps I could just walk you through how we do our interventions and then come to your specific question. Generally speaking, we use three levels of monitoring for inappropriate prescribing. The first is a simple education level where we routinely provide to all prescribers once-a-year feedback on their prescribing so that they can compare how they prescribe with what the top 10 PBS drugs prescribed are.

When we are looking at specific drugs, drugs of concern or high usage drugs, we will undertake targeted feedback. We will write to high prescribers of particular drugs. But that is not in an intervention sense; it is simply to draw their attention to the fact that they are high prescribers of a particular drug. Further monitoring does lead to direct intervention and to the seeking of an explanation as to why prescribers may be particularly high. That would lead

into your suggestion then as to a prescriber who has got eight times, I think you said, the level of prescribing. That person would be visited possibly, certainly spoken with by one of our medical advisers, and explanations would be sought. Discussion would occur regarding restrictions with PBS prescribing, and explanations would be sought from the prescriber as to why their levels might be high. It is not a presumption of guilt. There may be very good reasons why a prescriber may have a particularly high level of prescribing.

However, if the HIC is unable to satisfy itself that that explanation would be recognised by their peers, then there is the capacity to go to the Professional Services Review Scheme, which is independent of HIC, and to refer that provider or prescriber to the PSR process for possible consideration by the appeasers as to the appropriateness of their prescribing. So it is quite a detailed tiered process. Apart from HIC, as Mr Rennie said, with NPS we have general education and quite intensive education of prescribers about PBS restrictions, from how to prescribe appropriately under the PBS right through to an intervention and possible sanctions by your peer group.

Senator WEST—How many have been identified as high use and therefore required in a preliminary investigation, for preliminary questioning. 'Investigation' might not be quite the right word—perhaps preliminary contact. What numbers are we talking about?

Dr Mould—Generally speaking, the HIC counsels in the order of 700 providers a year. I have to put that in the context of the fact that 15,000 active general practitioners receive feedback on their prescribing and an equal number, or slightly more, specialists receive annual general feedback on their prescribing. Of those 700, I cannot provide you now with the ones that were specifically about prescribing or in part about prescribing, but I am quite happy to do so.

Senator WEST—Thank you. On the issue of Viagra, how much of a problem is it in undertaking the paperwork and running the paper trail with regard to the fact that DVA veterans are entitled to Viagra under the Veterans Pharmaceutical Scheme? Does Health do the total paperwork for all pharmaceuticals or is Veterans totally separate from yours?

Dr Mould—DVA is responsible for doing its own monitoring of prescribing.

Senator WEST—So you are not seeing any paperwork coming through that relates to DVA veterans—or anybody in the department or in HIC? I will encompass everybody here.

Dr Mould—No. That would be another place. We do not monitor the DVA.

Dr Morauta—I think perhaps we could take that on notice because it goes partly to the payment side of it and I think you are partly asking about the payment side. If we cannot answer it, the Health Insurance Commission could take on notice the question of how they separate the RPBS payments from the PBS payments. I think Janet was answering in return of compliance activity. But there is a payments function.

Senator WEST—Yes, please. But it is now coming back more towards Dr Morauta and your colleagues. There is the issue of how much of a problem it is for Health in the payments and the monitoring that are being undertaken to ensure that the payments that have been made are actually for DVA veterans and that you are not getting some slippage from general—

Dr Morauta—We will have to take it on notice. I do not think there is anybody from the commission here to answer it at the moment.

Senator WEST—That is okay. I will make sure my colleague who is doing Veterans' Affairs asks how much it is costing them to date with Viagra. It might be interesting for us all to hear those figures. Can I ask about the decision to delist Cavaject?

Mr Lennon—Yes. What would you like to know about it?

Senator WEST—Who made the decision? How was it made?

Mr Lennon—That decision was made by the minister, and it was announced in the same press release where the decision not to list Viagra was announced.

Senator WEST—Refresh my memory as to why, please.

Mr Lennon—The government took a decision that the expenditure of $100 million in relation to listing Viagra for the treatment of erectile dysfunction was not a sufficient priority for it to support it. Consistent with that decision, it then also decided that the one drug that was already on the Pharmaceutical Benefits Scheme for the treatment of impotence, namely Cavaject, should be delisted from the scheme. So it was a follow-on decision that was consistent with the initial decision not to list Viagra.

Senator WEST—What was the annual cost of Cavaject over the last three years? I am happy for a ballpark figure and you can take the precise amount on notice.

Mr Lennon—A ballpark figure would be about $8 million per annum.

Senator WEST—So we are talking about $8 million per annum for people—and this is the injection into the penis to facilitate erectile function?

Mr Lennon—Yes, that is correct.

Senator WEST—What is the cost of non-PBS type medication that will achieve the same result? We know that Viagra is $80 for four pills, so it is $20 a pop. What is the cost of Cavaject now that it is not on PBS anymore?

Mr Lennon—Now that it is inside the Pharmaceutical Benefits Scheme the cost to a patient, if they were a concessional patient, would be a maximum of $3.60 per prescription. If they were a general patient—that is a patient who does not qualify for any of the cards that are issued by the Department of Family and Community Services—

Senator WEST—Health care cards.

Mr Lennon—If they were a general patient, it would cost up to a maximum of $22.40 per prescription.

Senator WEST—Is a prescription just for one injection or is it for multiple treatments?

Mr Lennon—I would have to seek advice from one of my colleagues on that.

Senator WEST—That is fine, take that on notice.

Mr Maskell-Knight—It is for five injections.

Senator WEST—So it is five injections per prescription, okay. Was the PBAC consulted on this delisting?

Mr Lennon—When the PBAC considered Viagra, as part of its consideration it considered Cavaject. Obviously in deciding whether to list Viagra, comparisons had to be made to Cavaject. In asking the question whether it was a cost-effective use of taxpayers' funds, all other things considered, to list Viagra, it was also asking the same question of the government

about Cavaject, because it was talking about the issue of a subsidy for erectile dysfunction generally. So the short answer is yes.

Senator WEST—Okay, so there was advice given.

Senator CHRIS EVANS—Can I just check what that answer meant: did the PBAC recommend the delisting of Cavaject?

Mr Lennon—The PBAC asked the government to consider whether it wished to continue to subsidise any drug for treatment of erectile dysfunction, either Viagra or Cavaject.

Senator CHRIS EVANS—So the answer is that the PBAC did not recommend its delisting; it had a discussion about what the government might like to do.

Mr Lennon—The decision of the government is consistent with the questions that were put to it by the committee. The committee clearly did not specifically reject—

Senator CHRIS EVANS—Did the PBAC put questions to the government or did it provide advice?

Mr Lennon—It provided advice in relation to the listing of Viagra. It recommended the listing of Viagra. Clearly, in the circumstance where it is recommending the listing of Viagra it cannot simultaneously recommend the delisting of Cavaject.

Senator CHRIS EVANS—I suspect that it can. That is why I am asking you a direct question about what it did do.

Mr Lennon—What it did do was to recommend the listing of Viagra but at the same time express serious concerns about the cost of the listing and ask—because it is not within the committee's purview at the end of the day—that the government should consider whether it was a good use of taxpayers' funds, all things considered, to continue to subsidise under the PBS the condition of erectile dysfunction.

Senator CHRIS EVANS—So it made no definitive recommendation either way on Cavaject, then—is that fair?

Dr Morauta—I might add to what Mr Lennon has said. I think the committee was wrestling with the fact that one treatment for erectile dysfunction was already listed. In the context in which it was listed, my interpretation of their recommendation to government for listing is that they felt bound to recommend to list Viagra. However, given that situation, they then—and we can probably quote from the words of the decision—raised the question of whether the government wished to subsidise either treatment. But they felt the fact that one was listed bound them with respect to the other. Could we just read out that part of the PBAC recommendation.

Mr Lennon—The committee expressed grave concerns that the projections for usage of Viagra may be substantially underestimated. It then went on to talk about the $100 million. It said that the minister may wish to consider whether expenditure of this magnitude on treatments for the condition of erectile dysfunction is an appropriate use of PBS funds. That is from the Pharmaceutical Benefits Advisory Committee minutes from the relevant meeting.

Senator CHRIS EVANS—As I understand it, there was no formal recommendation regarding Cavaject, just a discussion evaluating the options open to the government and pointing out the difficulties of approving one and not the other. Is that a fair summary? If you were not going to approve Viagra, logically you would take Cavaject off at the same time.

Mr Lennon—That is correct.

Senator WEST—On how many occasions has the government rejected the advice of the PBAC?

Mr Lennon—I do not think it was a simple matter of rejecting the advice of the PBAC, in this particular case.

Senator WEST—On how many occasions has the government come to a decision which is different from the PBAC's decision?

Mr Lennon—I do not have that information at hand; I will take the question on notice.

Senator WEST—Thank you. Would you provide us with a list of those occasions, as well, please.

Senator Patterson—How far back do want that? The PBS goes back a long way.

Senator WEST—Yes, I know. Could we have as far back as, say, the last four years? I know there were some immunisations—

Senator TCHEN—I think we should go back 10 years.

Senator CHRIS EVANS—I think Senator West is trying to get a feel as to whether PBAC recommendations have been approved or rejected in the past. We would be happy with some historical summary without putting the department to a great deal of work.

Senator Patterson—Senator West, we need to clarify that, too. Has it been delisted after being listed, or has it been rejected on advice?

Senator WEST—Minister, you have actually pre-empted my next question.

Senator Patterson—I have had a lot of practice, Senator West.

Senator West—We have sat here on many occasions, Minister. I have looked at your questions—

Senator Patterson—I hope you found it enjoyable.

Senator CHRIS EVANS—We might pull a few of them out to ask you.

Senator WEST—I seem to recall you going ballistic on occasions about the slowness to answer questions on notice, so nothing seems to have changed. My next question is about delisted drugs. On how many occasions has the government delisted drugs from the PBS without advice from the PBAC or has taken a different position from the thoughts and recommendations of the PBAC? Can you list those, as well, please.

Senator TCHEN—I support Senator West's request but, if it is not too much trouble for the department, please take it back 10 to 12 years.

Ms Halton—It is a little hard for us to tell at the moment how long it will take us to go back 10 years.

Senator WEST—That is why I was taking the shorter time frame.

Ms Halton—The reality is that, if we are going back 10 years, files in the department will have been archived.

Senator WEST—I do not want the department to have to go into the archives.

Senator CHRIS EVANS—I understand some of the questions on notice have been archived, too.

Senator WEST—They have been waiting so long for an answer?

Senator CHRIS EVANS—That was very unfair of me. I withdraw, Madam Chair.

Senator Patterson—Senator Tchen, we will try to accommodate you. If it is too difficult, we will go back as far as we can without putting undue burden on the department.

Senator TCHEN—Sure, thank you.

Ms Halton—Is that acceptable to the Senate?

Senator WEST—It is acceptable to me. Mind you, I ask the question as to how long you keep files before you archive them, before I totally agree.

Ms Halton—I might have to take that on notice. We will endeavour to provide you, in a timely fashion, with as comprehensive a list as possible, going back to a point we can reach relatively quickly, and we will look into the question of how long it will take us to go back—

Senator WEST—My recollection is that it is not a great number.

Ms Halton—I think you might be right but we will look into it.

Senator WEST—There were some triple antigen type—

Senator Patterson—Let us just get the answer from the department.

Senator CROWLEY—Senator West, I am not sure whether we should ask it this way. I would like to be clear that the information will find when the government rejected the advice and when it went arm wrestling and subsequently was able to accommodate the advice. The PBS stuff is really all about the cost, isn't it?

Ms Halton—What we have undertaken to do is to go back to the files. I do not know that the files ever illuminate 'arm wrestling', as you describe it, and I am not entirely certain what you mean by that.

Senator CROWLEY—I would be surprised if they did not.

Ms Halton—We will look at the information on the files about the circumstances in relation to particular cases. We will endeavour to give you—as comprehensively as we can—an answer to your question.

CHAIR—I have had a request from honourable senators that we proceed after this outcome to outcome 4 and place outcome 3 after outcome 5, because outcome 6, Hearing Services, is not required. That drops outcome 3 down after outcome 5.

Ms Halton—Can you just tell us seriatim, then, in what order you are expecting outcome 2?

CHAIR—Two, four, five, three, seven, eight, nine, one, because six is gone.

Ms Halton—Clearly, there will be some people we will need to get, depending on how long outcome 2 goes for, but I cannot imagine we will have any difficulty with that.

Senator CROWLEY—Maybe the department can help me and tell me where this really goes, I am not sure. It is actually a letter I have received from a constituent—and I believe some others may have too—about the listing on a personal web site of information about hepatitis C. The writer of this letter advises me that they approached Ms Lorraine Bruce, the director of the hepatitis C section of the department, for permission to reproduce public funded and freely available hepatitis C resources on their site, with all the necessary acknowledgements to them. They also advise me that permission has been denied and threat

of prosecution under the Copyright Act has been mentioned should they publish without permission. Can the department tell me a bit about this?

Dr Morauta—We will get somebody here to answer that question. I think it would be under outcome 1 and I do not believe outcome 1 people are here at the moment, so we will get somebody to address that when they come.

Senator CROWLEY—Thank you.

Senator CHRIS EVANS—I want to ask you a question about Herceptin. While we are on the question of PBAC approvals et cetera, can someone tell me what circumstances were regarded in the decision to put Herceptin on the PBS?

Mr Lennon—Herceptin is not on the Pharmaceutical Benefits Scheme. It is a separate program. Herceptin is a new drug which is used for the treatment of metastatic breast cancer. It was considered several times by the Pharmaceutical Benefits Advisory Committee. The Pharmaceutical Benefits Advisory Committee was of the view that the drug, when used in a particular fashion, certainly had clinical efficaciousness—medical effectiveness.

However, the drug was extremely expensive. The Pharmaceutical Benefits Advisory Committee's guidelines talk not only about the medical effectiveness but also about the cost of drugs so that you have to get to a cost effectiveness-value for money equation at the end of the day which is suitable. In terms of these guidelines, the Pharmaceutical Benefits Advisory Committee was not able to recommend that the drug be listed on the Pharmaceutical Benefits Scheme. The government subsequently accepted that advice that it could not be listed on the Pharmaceutical Benefits Scheme—

Senator CHRIS EVANS—When were those decisions? Can you give me their chronology?

Mr Lennon—Just off the top of my head, they were around August to September.

Senator CHRIS EVANS—Which year?

Mr Lennon—2001.

Senator CHRIS EVANS—So the PBAC decided in August or September 2001 not to list it. Was that the second occasion?

Mr Lennon—There were at least two, and I think three, occasions when the drug was considered by the Pharmaceutical Benefits Advisory Committee.

Senator CHRIS EVANS—Perhaps you could take that on notice, but this was at least the second, and maybe the third, occasion where they had decided not to list it.

Mr Lennon—Yes. That is not an unusual process, I should emphasise.

Senator CHRIS EVANS—No, I am just trying to understand.

Mr Lennon—I should say that it is not unusual. What often happens is that a manufacturer will come in with a particular listing request and through a process of resubmissions will gradually fine-tune that request to get to a point where it is acceptable. So there was nothing unusual about that.

Senator CHRIS EVANS—I am just trying to get the process clear in my head. So in September 2001, PBAC took a decision not to list it on that application. Can you tell me what happened after that—how it got to this special category?

Mr Lennon—The government subsequently took a decision that it accepted the PBAC's advice that it should not be listed on the Pharmaceutical Benefits Scheme but that, because of the particular priority that it attached to the treatment of this particular condition for this particular group, it would fund it under a separate program, which it duly announced.

Senator CHRIS EVANS—When was that decision taken?

Mr Lennon—That decision was taken in late September or early October.

Senator CHRIS EVANS—Can you give me the date?

Mr Lennon—I do not have the precise date here.

Senator CHRIS EVANS—Could you take that on notice for me, because you told me that the PBAC rejected it in late September.

Mr Lennon—The last submission from the Pharmaceutical Benefits Advisory Committee was September 2001. Shortly thereafter, having received the committee's advice, the government considered the matter further and took a decision that it was not to be funded through the Pharmaceutical Benefits Scheme because it did not meet the criteria but, because of the particular priority which the government attached to treating this serious condition, it was to receive funding under a separate program—which was announced in, I think, early October.

Senator CHRIS EVANS—I am not trying to be critical, but I think we are jumping around a bit. I would like to take you through the process and I would appreciate it if you could help me with some dates. We are going from late September to early October. I would like to nail this down a bit if I can just so that I am clear on the process.

Mr Lennon—I am happy to take the matter of the dates on notice and give you precise dates.

Senator CHRIS EVANS—All right. We have a decision from the PBAC in September, which determined not to recommend listing on the PBS—is that fair? We then have a government decision. I presume that is a ministerial decision—is that right?

Mr Lennon—That would be a ministerial decision, yes.

Senator CHRIS EVANS—Minister Wooldridge determined to provide some funding for this particular drug. Under what program was that funded?

Mr Lennon—It is a separate program that is in outcome 2. I do not have the precise name in front of me. It is called something like 'Funding for the provision of Herceptin program.'

Senator CHRIS EVANS—But it was not an existing program?

Mr Lennon—No. This was a new program that was set up under our outcome 2 appropriation for the department. The new program began operation in December 2001.

Senator CHRIS EVANS—How much was allocated for it?

Mr Lennon—The relevant amounts are in the additional estimates papers on page 43. It is of the order of $6 million for 2001-02 and $13 million for 2002-03, which is the first full year.

Senator CHRIS EVANS—Rising to about $16 million. It talked about increased appropriations. When I read that originally I took that to mean it was a program which was already operating. But this is a completely new program. Do you have other drugs that are treated in a similar way?

Mr Lennon—We have our lifesaving drugs program, which is also a stand-alone program, for which only one drug is eligible at this point in time.

Senator CHRIS EVANS—Why didn't it go into that program?

Mr Lennon—It did not meet all of the criteria for the lifesaving drugs program is the short answer.

Senator CHRIS EVANS—So you created a separate program for this drug. Are you able to give me the date of that decision?

Dr Morauta—We have taken that on notice. We do not have that with us.

Senator CHRIS EVANS—You are not able to help me with the date at the moment?

Dr Morauta—No, it looks as if we cannot. I have had somebody go and look for it but we do not have it here right now.

Mr Lennon—It was early October, but we can get you the precise date.

Senator CHRIS EVANS—What advice was received on treating Herceptin in this way? Did the department recommend it be treated as a new program? How did we get it being treated in this way?

Mr Lennon—Various options were considered, and that is what came out in terms of the final result. The government took a decision, for the reasons I explained, that it wished to fund the program outside the Pharmaceutical Benefits Scheme. The decision taken was that this particular program, which was a stand-alone program, was the most appropriate way to do it.

Senator CHRIS EVANS—I always have trouble reading these statements. Do I take it that part of the increase in the cost of the PBS is that there is an additional item rather than that it is transferred?

Mr Lennon—No. As I indicated, it is not part of the Pharmaceutical Benefits Scheme; it is a separate program.

Senator CHRIS EVANS—Where is the money coming from to fund this?

Mr Lennon—The money is coming from an appropriation under outcome 2, and the appropriation was obtained as part of the additional estimates process.

Senator CHRIS EVANS—This is new money as part of the additional estimates appropriation?

Mr Lennon—That is correct.

Senator CHRIS EVANS—Not the outcome. It is actually under outcome 2, not under the PBS. Could someone just briefly explain to me how the way the subcommittee for Herceptin works is different from the PBS?

Mr Lennon—I might ask our colleagues from the Health Insurance Commission to talk through the arrangements for administering the Herceptin program, which is administered by the Health Insurance Commission.

Senator CHRIS EVANS—Is it convenient to do that now?

Dr Morauta—Yes, Ellen Dunne is here, Senator.

Ms Dunne—The Herceptin program is administered in our Tasmanian office. Essentially there is an agreement with the company Roche that arrangements will be put in place via

phone or fax for the identification of patients who require treatment. There are certain restrictions applied to the eligibility for those patients, including pathology reports. The assessment is made by the HIC staff, and arrangements are made for the drug to be provided to a hospital, usually, for the treatment of that particular patient. There are compliance arrangements in place whereby people in the compliance area of the HIC review the specific details of those prescriptions and reports are generated.

Senator CHRIS EVANS—Does this mean that it is basically on application from the doctor or the patient to get approval to use—

Ms Dunne—The arrangement is that the doctor puts forward a request to the company.

Senator CHRIS EVANS—To Roche.

Ms Dunne—Yes. The doctor prescribing will put in a request to Roche for the drug to be supplied. The application comes over the phone to the HIC, the criteria is checked and the various reports are requested, including pathology reports, to determine the actual condition the patient has and whether the eligibility criteria has been met. Arrangements are then made for the drug to be delivered to the hospital setting for treatment to occur for that patient.

Dr Harmer—This is a new and expensive drug intended to be listed for a very specific purpose, and HIC has set up a special process to ensure that only those entitled to the drug—those who will benefit from it as assured by the doctor who provides us with certain information—are registered on the program.

Senator WEST—Is it normal for these particular authorisations to go from the doctor wishing to prescribe to the drug company and from the drug company across to HIC?

Dr Harmer—The normal process for receiving authority approval for drugs on the PBS would be the doctor calling the HIC authority line.

Senator WEST—Why have you opted for a different—

Ms Dunne—Senator, I am sorry; I may have misled you. The information is provided on a specific hotline from doctor to HIC staff. Then the staff place the order with the company, Roche, and it is then delivered to the hospitals. I do apologise.

Senator WEST—I have not misunderstood—

Dr Harmer—Senator, I was not sure, but I had the feeling the application came from the doctor, not the company. We register the person and then—

Senator WEST—Can you check that for me please?

Dr Harmer—We will check that.

Senator WEST—If it is not done that way, if the doctor does not make the authorisation request from the department, I want to know why it has been changed.

Dr Harmer—I am almost certain that it is the doctor that makes the contact, as it is for the other drugs, but we will check that and get back to you. We will be able to do that today.

Senator GIBBS—It is the HIC who virtually makes the decision if this drug can be given to a particular woman and not the company?

Dr Harmer—The HIC takes on board the information provided to the doctor about the condition and the tests that have been undertaken on the patient and, subject to certain guidelines, which we have, we make the decision whether they have crossed the hurdle and therefore should be registered on the program—and our staff are well trained to do that.

Senator GIBBS—Right. They are the ones who make the decisions—whether she is going to be given this drug or not.

Dr Harmer—They are authorised, delegated to make that decision, yes.

Senator GIBBS—Right.

Senator CHRIS EVANS—Is there a quota or what? You have got a budgeted amount: is it approvals up until that money is spent?

Mr Lennon—No, Senator, there is no quota. Even though it is an annual appropriation, as long as the conditions for receiving the drug are met, the patients will receive the drug. And as it happens—

Senator CHRIS EVANS—It is on demand like the rest of the—

Mr Lennon—Yes, and, if it happens that in any particular year the number of eligible patients exceeds the appropriation, it would be handled through the normal way at additional estimates.

Senator CHRIS EVANS—And just for my information, how many treatments of the drug are people normally seeking or do they require? Is it something where they need ongoing access to the drug or is it a one-off?

Ms Dunne—Senator, it is an ongoing requirement. I am not sure of what the dosage is. If you want that information, we can provide it to you. But it is an ongoing treatment; it is a periodical treatment.

Senator CHRIS EVANS—You can take it on notice. I am really just trying to figure out whether it was a one-off or whether people will, while they are under treatment, access the drug on a regular basis.

Ms Dunne—That is the case, yes.

Senator CHRIS EVANS—Thanks very much.

Mr Maskell-Knight—Just before we leave this section, Senator, we have been informed that policy approval was made on 6 October.

Senator CHRIS EVANS—Are there any appeals against the HIC decision about access? No doubt this will be highly charged to people—it is such an expensive treatment, obviously. I read somewhere it is about $50,000 a treatment: is it of that order?

Dr Harmer—It is expensive, Senator. I am not sure of the likely volume, but I am not aware of any appeals against the HIC decision makers at this point.

Senator CHRIS EVANS—Is there a process, though, for that?

Ms Dunne—Yes, there would be a process. There is a process—we would handle that.

Senator CHRIS EVANS—Internally within HIC? There is a review mechanism, is there?

Ms Dunne—There are mechanisms in place and we would handle that according to any other appeal that we would receive in terms of a benefit and eligibility criteria.

Senator CHRIS EVANS—Thanks.

Dr Harmer—Senator, while I am here, in case you go to something that does not involve the HIC, Senator Denman mentioned before in relation to Celebrex that she may have some information in relation to inappropriate prescribing. We administer the program. We do runs of statistics. We are very anxious to make sure that there is no inappropriate prescribing of

any of the expensive drugs, or even the cheap drugs for that matter, and we accept information of that type. If you have any information for us, we would be happy to receive it. That often happens.

Senator CHRIS EVANS—Regard that as a commercial break.

Senator WEST—Turning to Gleevec, an announcement was made that it would be approved on the PBS for leukaemia patients in the final blast phase. Is that correct?

Mr Lennon—Yes, that is correct.

Senator WEST—When was that announcement made?

Mr Lennon—The listing of Gleevec for the two conditions you mentioned occurred from 1 December 2001.

Senator WEST—When was the announcement made?

Mr Lennon—The announcement would have been made—

Dr Morauta—Take it on notice if you do not know the date.

Mr Lennon—some time before then, obviously, but I do not have the precise date in front of me.

Senator WEST—When was the decision made?

Mr Lennon—The decision was a recommendation of the Pharmaceutical Benefits Advisory Committee.

Senator WEST—When was that made?

Mr Lennon—I do not have the precise date.

Senator WEST—How about a ballpark area? Was it July, August, September?

Senator CHRIS EVANS—Should we do this later on, when he can get some dates for us? We seem to be very vague today on the question of these decisions. Is there someone who can help? Because, quite frankly, on the last three or four issues we do not seem to be very clear other than we know that it is all around early October. Some of the dates in this are quite important and, as you would be aware, this was a subject that the minister corresponded with the opposition about and gave some undertakings about, which do not seem to have been honoured. There is no point in having estimates if the discussion is 'it was about then', 'maybe' and 'we'll get back to you' if we do not actually make any progress.

Senator WEST—That causes more questions on notice.

Senator CHRIS EVANS—Is there an officer who can help us?

Dr Morauta—We are chasing it now, Senator. We had not picked the significance of dates for you—I am sorry we did not do that—and we will get you this information during the day. We have not got the information on when the thing was announced. You are quite right; there was correspondence—

Senator WEST—There is no point in continuing my questions about it until I have the precise dates, because some of my questions centre on the dates. Can we come back to that later in the day, like we are coming back to the other one?

Dr Morauta—When we get the dates, we will put up our hands and we can return to that.

Senator WEST—Lovely. Thank you.

Dr Morauta—Somebody is onto it now.

Ms Halton—Perhaps I could ask a question: at the outset, you indicated that there are a number of particular dates you wanted to pursue, and you have given us an indication of them so that we can have officers in the department pursue that. This did not come up in that list that you provided us with. I just wonder if there are any other dates you would like to signal for us, because people can pursue them now.

Senator CHRIS EVANS—Those were dates of funding announcements. These are dates of PBS announcements, which also seemed to centre on early October. I did not raise them because I thought they would come up in the discussion about the PBS and, quite frankly, I thought the department would be well prepared for them, because each of them have been an issue of public discussion. You have been able to help with everything but the decision dates, it seems, which are always vague. I would rather have the discussion with a department fully briefed than have this sort of confusion about whether it was early September, late October or whenever. I would rather we got the record straight, that is all. So, if it is easier for the department to do it a little later, I would rather do it once properly.

Dr Morauta—We agree.

Ms Halton—Yes, we agree with that, and we will get you accurate information.

Senator WEST—It means we are putting less things on notice, which is reducing your workload.

Senator CHRIS EVANS—I will go back to where I wanted to start on the PBS—it really is the cost of the PBS. I had thought that some of the discussions we have had might have involved Celebrex in additional expenditure, but we have established that Celebrex is basically on budget—so that is not it. We have also found out that Herceptin is actually a separate budget measure, so that is not it. Will someone tell me what the $273 million addition to the PBS expenditure is for? This is where we should have started an hour and a half ago.

Ms Halton—Sorry.

Senator CHRIS EVANS—No, it is my fault. I did not get it in quickly enough before we moved to the individual drugs.

Mr Lennon—A significant amount of it—of the order of a third—relates to three initiatives for assisting older Australians that were announced in the budget. There was a provision made in the contingency reserve at the time of the budget and the amount has since been transferred from the contingency reserve to the Pharmaceutical Benefits Scheme appropriation. So there is no net effect on the budget bottom line.

Senator CHRIS EVANS—How many dollars is that, Mr Lennon?

Mr Lennon—It is of the order of $70 million.

Senator CHRIS EVANS—Which of the assisting older Australians measures was that?

Mr Lennon—It related to three measures: one measure to extend the income limits for eligibility to the Commonwealth seniors health card, one to exempt superannuation from the social security means test for people aged over 55 and one related to an initiative to extend access to the telephone allowance concession to Commonwealth seniors health card holders. All of those, for various reasons, flowed through into additional expenditure on the Pharmaceutical Benefits Scheme because they resulted in more individuals getting eligibility

for cards of one sort or another and therefore concessional status as opposed to general status under the Pharmaceutical Benefits Scheme, with the result that extra expenditure was incurred.

Senator CHRIS EVANS—That makes sense to me in relation to the income measure. It makes sense to me in relation to the super for 55-year-olds. How does a telephone allowance impact on the PBS?

Mr Lennon—My understanding is that the way that it impacted on PBS was that, as part of the extension of the telephone allowance concession, there was to be a general publicity campaign around the Commonwealth seniors health card and that, as a result of that publicity campaign, more people who were actually eligible for the card would claim it than had up to that point in time.

Ms Halton—You will recall that that was a budget measure, and my memory is that this was an issue in relation to take-up. You would appreciate that in respect of any benefit you expect that a proportion of people who are eligible for that benefit will take it up; a proportion will not. There might be a number of reasons why people might not take it up. My memory—and I am speaking from memory here—is that there was an expectation that there would be an increase in take-up and that is what Mr Lennon is referring to. We can go back and clarify those details for you.

Senator CHRIS EVANS—I accept that. I raised previously my amazement at still bumping into people who are eligible for seniors health cards, who don't know it.

Ms Halton—Exactly.

Senator CHRIS EVANS—They are otherwise well-educated, aware people and it just seems to have gone past them. Obviously, I accept the fact that any publicity might well increase it. But how does the telephone allowance run into a cost for the PBS?

Mr Lennon—It runs into a cost because, as I understand it, as part of the telephone allowance measure, there was a general publicity campaign around access to Commonwealth seniors health cards which was designed to make sure that all those people who were eligible for the cards received eligibility with the result that it was anticipated that more people would become eligible and that would flow through to greater concessional expenditure on the Pharmaceutical Benefits Scheme.

Senator CHRIS EVANS—So you say that there is a $70 million extra cost to PBS and you think it will be generated by those three measures. Have you got a breakdown of how much is likely to be generated by each of those measures? For the others, it seems to me, it is an eligibility issue and I can understand how someone who wasn't eligible is now eligible and there is a cost to the PBS. I don't understand how someone who is now entitled to a telephone allowance suddenly gets extra access to the PBS. Am I missing something?

Ms Halton—I think it goes to the combination of factors relating to awareness about what you might be eligible for. This is really properly a question for the Department of Family and Community Services but speaking from memory of that budget—and that is all I am speaking from—my understanding is that the telephone allowance was considered to be an attractive benefit for people. As I recall it, the expectation was—and I think colleagues in the department of finance might have been party to the whole estimating of cost process, as you would expect—that as it was publicised and people became aware that they might gain a telephone benefit, in the process of tripping over—or being alerted to, or whatever it might

have been—the telephone benefit, they might at the same time have become aware of an eligibility in respect of the PBS.

I think we all accept that if we go out and publicise a card—the seniors health card, for example—we will pick up a proportion of people who are not currently accessing that, notwithstanding their eligibility. I think, from memory, the expectation was that in the process of publicising the telephone benefit there would similarly be a proportion of people who, in the process of investigating the telephone issue, would discover that they similarly had an eligibility for pharmaceutical benefits. That is me speaking from memory, but I think you will find that what happened is that the costings were disaggregated about the effect that was expected from publicity around cards versus telephones.

Senator CHRIS EVANS—It sounds like a department of finance sort of explanation, Ms Halton.

Ms Halton—I did have some time in that department.

Senator CHRIS EVANS—Have you got a breakdown between the three categories, Mr Lennon?

Mr Lennon—Yes. For the telephone allowance component the figure I am given is $51.7 million. For extending eligibility for the Commonwealth seniors health card, which was the changes to the income limits, I have got $21.3 million. For exempting superannuation from the social security means test I have $9.9 million. I think that actually adds to $81 million. I said 'of the order of $70 million'.

Senator CHRIS EVANS—Even I had worked out that the amounts did not add up. So, are we now revising the $70 million or the disaggregated amounts?

Mr Lennon—I am revising—

Mr Maskell-Knight—If I can just interpolate: there is also an offset, in that another decision was made at budget time, or some time, to provide full access to repatriation benefits for every veteran aged 70 years or more. That knocked $10 million off the Pharmaceutical Benefits Scheme and, of course, transferred it onto the repatriation benefits.

Senator CHRIS EVANS—So the big item was actually the publicity about the telephone allowance. The income measure did not bring an awful lot of extra people into the net, did it? Have you got the figure?

Mr Lennon—I am not in a position to answer that.

Senator CHRIS EVANS—As I recall, it was not all that large a group. That is $70 million net of the $273 million. Where is the other $200 million?

Mr Lennon—A hundred million of the other $200 million actually relates to an adjustment which was done to the accrual expense item—as we are working under accrual budgeting, not cash budgeting, these days—but did not affect the Pharmaceutical Benefits Scheme cash number at all. At the time the budget numbers were being put together there was an estimate made of the outstanding liabilities which would be there at the end of the year in relation to Pharmaceutical Benefits Scheme prescriptions—and that was only an estimate. Following the end of the financial year, when the audited financial statements of the Health Insurance Commission became available and we had actual data for the financial year, that estimate was revisited with the result that the accrual expense item was significantly increased; but it did not affect the cash number.

Senator CHRIS EVANS—I think public servants are working out that they can say 'accrual budget' and that will be the end of the questioning on these matters and $100 million will be 'solved'. It certainly works with me. What about the other $100 million?

Mr Lennon—Twenty million—I think it is actually $18.8 million—related to a post-budget measure. That related to an increase of, I think, 15c per prescription in the dispensing fee which was provided to community pharmacists.

Senator CHRIS EVANS—When was that decision made?

Mr Lennon—It is contained in the documentation.

Mr Maskell-Knight—Page 41.

Senator CHRIS EVANS—When was that decision made and announced? Obviously it was post-budget.

Mr Rennie—The minister, Dr Wooldridge, made an announcement on 11 September last year.

Senator CHRIS EVANS—What led up to that announcement? What was the process for this decision? Can someone give me a brief background as to the rationale?

Mr Maskell-Knight—It might be easiest if we provide you with a copy of the minister's press release, which sets out what considerations the government took into account.

Senator CHRIS EVANS—Are you suggesting that is all the department knows about it?

Mr Maskell-Knight—I am suggesting that there was a policy decision and the minister set out, when announcing the decision, what the considerations were.

Senator CHRIS EVANS—I would appreciate it if you could table that. I do not think that I have got a copy of that.

Senator WEST—Was that the advice given by the department? I am not asking what the advice was, but was any advice given by the department or sought from the department?

Mr Maskell-Knight—I think it is reasonable to suspect that we would have provided advice on a change of that sort, yes.

Senator CHRIS EVANS—So that decision was taken in September and announced—that is the $18.8 million, rising to $24.5 million. This is to increase the pharmacist's remuneration for dispensing by 15c. What was the existing rate before that?

Mr Rennie—The current rate is of the order of $4.58, I believe. So it would be 15c off that.

Senator CHRIS EVANS—The term used there is 'community pharmacy'. How is that defined? Are we talking about all private pharmacies out in the community, as opposed to hospital pharmacies?

Mr Rennie—Apart from public hospital pharmacies, yes.

Senator CHRIS EVANS—I was just trying to check that there was not a special meaning of 'community'. Basically, it is all the non-hospital pharmacies?

Mr Rennie—It could be private hospital pharmacies as well.

Senator CHRIS EVANS—When was the benefit last increased, prior to that occasion?

Mr Rennie—I would have to take that on notice. I am not quite sure of the exact dates. It is a part of the agreement between the government and the Pharmacy Guild. I would have to double check.

Senator CHRIS EVANS—I would appreciate it if you would take that on notice. Could you just advise me in general, though: is it an annual index thing or is it reviewed every couple of years?

Mr Rennie—I believe it is indexed annually.

Senator CHRIS EVANS—Was this part of the annual indexation or in addition to that?

Mr Rennie—No, this was in addition to it.

Senator CHRIS EVANS—If it was an annual indexation, someone in the department should be able to tell me when it was last paid, within a reasonable—

Dr Morauta—Yes, we will get that for you immediately.

Senator CHRIS EVANS—Thank you.

Dr Morauta—It will take us a quarter of an hour to get that, if you want to move on to something else.

Senator CHRIS EVANS—I am just worried about my attention span.

Dr Morauta—Let us move on to something else, and then we will get back to you on that. It will take 10 minutes to get that from the department.

Senator CHRIS EVANS—We will come back to the community pharmacy payment. You were explaining to me, Mr Lennon, that accounts for $18.8 million out of the $100 million?

Mr Lennon—Yes, I was.

Senator CHRIS EVANS—Where does the other $82 million go?

Mr Lennon—There was approximately $60 million that was an estimates adjustment. By that, I mean that obviously we monitor the Pharmaceutical Benefits Scheme numbers very regularly but we actually do a complete rebase of our PBS estimates model once a year, when we have got the full financial year figures. That obviously does not happen until 30 June. When we did the model rebase, that ended up, once all the numbers were crunched through, in us taking the view at the time of additional estimates that we needed to add $60 million to the Pharmaceutical Benefits Scheme, on account of what the model was now telling us were the extra one year's actuals data.

Senator CHRIS EVANS—So basically you have got a revised estimate of how much the PBS is going to cost you for the year and you have added $60 million. Is that a layman's fair estimate?

Mr Lennon—Yes, it is part of the adjustments which were done at additional estimates. We added $60 million on account of the model update.

Senator CHRIS EVANS—Was there anything in particular that was driving that increase to the cost of the PBS?

Mr Lennon—No, I think it was a combination of things. There is quite a large number of therapeutic groups we look at and it was a combination of factors. It was a net adjustment of $60 million which, in the course of a $4.2 billion program, is not really a large adjustment.

Senator CHRIS EVANS—Not a huge one, no. Just the headline figure looks like $273 million increase in the cost of prescriptions, but you are telling me that $60 million is the only part of that that is actually driven by the increased cost of the subsidy of drugs?

Mr Lennon—Usage over and above what we were expecting and average cost over and above what we were expecting. Obviously, in terms of the base estimate, that is what is driving it, in the main.

Senator CHRIS EVANS—Yes, but is it fair to say the $60 million represents that impact, and all the other bits that have made up the $270 million so far are not peripheral but separate issues?

Dr Morauta—Eligibility and things like that, yes.

Senator CHRIS EVANS—That is a fair assessment? Okay.

Mr Lennon—Yes, that would be broadly correct.

Senator CHRIS EVANS—There is $100 million for that accrual stuff I did not understand, so that is part of it gone. You have $60 million there, you have the $18.8 million. Anything else?

Mr Lennon—Yes. There was one adjustment we did, of the order of $50 million, on account of a measure that was introduced at the time of the introduction of the new tax system. As part of the introduction of the new tax system, wholesale sales tax was abolished and we were anticipating certain savings on the Pharmaceutical Benefits Scheme to flow through from that as a result, in terms of lower prices for pharmaceutical products for manufacturers. We achieved part of those savings and we were looking to achieve the rest. We came to a view, as part of the additional estimates considerations, that we had reached a point where we were of the view that we were not going to get anything additional in all the circumstances.

Senator CHRIS EVANS—So $50 million was a downgrade of expectations of anticipated savings as a result of the GST introduction, the new tax system?

Mr Lennon—One component of it, yes.

Senator CHRIS EVANS—Can you tell me what was the original estimation of the savings?

Mr Lennon—I do not have the precise numbers here. I could get them for you. I think it is fair to say that the majority of the savings have not been realised, that the savings that we got would not represent the majority of what we thought we would get.

Senator CHRIS EVANS—There is probably a double negative there. You were not expecting to save much more than $50 million basically—is that what you are telling me?

Mr Lennon—That is correct, yes, Senator.

Senator CHRIS EVANS—So the savings did not eventuate.

Mr Lennon—Most of the savings did not eventuate. That is right.

Senator CHRIS EVANS—You will give me the figures for the expected savings and what you have actually saved.

Mr Lennon—Yes, I will.

Senator CHRIS EVANS—But now you have given up on that and so I suppose the future budgets will include an adjustment to reflect the fact that those savings are not going to be realised.

Mr Lennon—The fact that those savings are not going to be realised has already been included in the Pharmaceutical Benefits Scheme estimates.

Senator CHRIS EVANS—You mean by way of these additional estimates?

Mr Lennon—Yes. At the time of additional estimates we made an adjustment not only for the current year but also for the forward estimates years.

Senator CHRIS EVANS—For the out years?

Mr Lennon—Yes.

Senator CHRIS EVANS—Okay. Again I suspect the $100 million comes to a bit more than $100 million: $60 million, $50 million and $18 million. Is that again an offset issue?

Mr Lennon—Yes. There are other minor offsets, but I could give you the complete detail if you would like.

Senator CHRIS EVANS—If you want to take that on notice, I would be interested in the detail.

Dr Morauta—We just want to go back to one question, Senator.

Mr Maskell-Knight—Can we just go back to Glivec for a moment. The government made a policy decision on 1 November subject to consultation with the opposition. The departmental staff spoke to Ms Macklin, who was then the shadow minister, and her office on the 5th. There was a letter from Ms Macklin to Dr Wooldridge on the 6th. The announcement was made on the 7th.

Senator CHRIS EVANS—Senator West has some questions about this issue, and so we will come back to it, if that is all right. I might get you to run through those dates again. Are we ready to go on with community pharmacies?

Dr Morauta—No, we are still looking.

Senator CHRIS EVANS—While we wait for Senator West and the Gleevec discussion, we have not done Zyban today—one of our favourites—have we? I read reports that the demand for Zyban had dropped considerably. Is that correct?

Mr Lennon—That is correct. It was always expected that that would be the case, as Zyban can be prescribed only once every 12 months. It was listed on the Pharmaceutical Benefits Scheme from 1 February 2001. There was a major surge in demand during February and March 2001, and then demand tapered off. Demand has plateaued or has remained reasonably low since that time, certainly in comparison with the demand that was found in the first two months. Between February 2001 when it was listed and the end of the financial year, Zyban cost about $65 million.

Senator CHRIS EVANS—Compared with your estimate of how much?

Mr Lennon—The original estimate was under $10 million. For the first seven months of this financial year the total cost has been $18 million.

Senator CHRIS EVANS—Only $18 million?

Mr Lennon—That reflects our expectation that, following the initial surge and the fact that you can get only one prescription every 12 months—

Senator CHRIS EVANS—Not to mention reported side effects, I suspect.

Mr Lennon—We can discuss that matter if you would like to. It is our belief that what has driven the reduction in demand for Zyban is—as we always expected—that a script is written only once a year.

Senator CHRIS EVANS—I remember you giving that evidence before; I accept that. To the end of January, how much have you spent?

Mr Lennon—$18 million this financial year.

Senator CHRIS EVANS—To the end of January?

Mr Lennon—Yes.

Senator CHRIS EVANS—Is that on budget?

Mr Lennon—That would be below budget, in terms of our expectations. For the first seven months, it can be a bit misleading. We are exercising due caution because we may be looking at another surge in February and March—which we anticipated in the estimate—which we expect will be a lot lower than the initial surge. We have had a look at the first couple of weeks—

Senator CHRIS EVANS—Is that a new year resolution surge, or the fact that they can only get it once a year?

Mr Lennon—It is the fact that they can only get it once a year. There will be some people returning who got it once and were not successful, for example. We have had a look at the data for the first two weeks of February, in terms of the authority prescriptions, and there is nothing to indicate that there is going to be a big blip.

Senator CHRIS EVANS—Briefly, as I know we had a discussion last time and I do not want to delay the committee on the concern about the side effects and detrimental consequences of Zyban, can you give us a short update on whether there was any increased concern as a result of the monitoring? What is the latest thinking on that?

Mr Lennon—The appropriate officer from the Therapeutic Goods Administration is here to discuss that matter.

Dr McEwen—We have seen a falling-off in the reporting of suspected adverse reactions to Zyban consistent with the falling-off in usage. We have previously supplied information about the principal categories in which the reactions occur—central nervous system, gastro-intestinal reactions and some skin reactions which were rather unexpected—and that distribution pattern has remained the same. We have not had any new things emerge there. We have also explained previously that we have had a small number of reports of patients who have died with some sort of relationship in time to starting to use Zyban. The great difficulty there—particularly if you keep in mind that these are people who have smoked and perhaps have underlying illnesses—is working out whether this is coincidence or whether the drug is playing a role. Our belief, to date, is that the information is consistent with it being a coincidence. We continue to try and follow up details of any particular deaths so that we get post-mortem reports. We have also had discussions as to whether a study could ever be undertaken to more clearly resolve that—that has some great methodological problems. Overall, I think the situation is exactly the same as we have reported previously.

Senator CHRIS EVANS—So there is no sense of growing concern about Zyban for your committee.

Dr McEwen—No, the concern is not growing.

Senator CHRIS EVANS—Thank you for that.

Dr Morauta—Senator, we are able to go back to increases in the dispensing fee for community pharmacy, now. Mr Maskell-Knight will read out to you what has happened.

Mr Maskell-Knight—Going back over the last 18 months or so, under the third Community Pharmacy Agreement there is an adjustment on 1 July 2000 and 1 July 2001, which is a combination of indexation plus changes to the fee to reflect the price-volume agreement that is embodied in the Community Pharmacy Agreement.

Senator CHRIS EVANS—That is part of an annual index agreement?

Mr Maskell-Knight—An annual variation adjustment arrangement. That is the standard.

Senator CHRIS EVANS—That is described in the agreement?

Mr Maskell-Knight—Yes. On 1 February 2001, the fee was increased by 10c to provide assistance to pharmacies in introducing the Improved Monitoring of Entitlements program, which requires pharmacies to collect Medicare numbers and put them on the scripts that they send into the Health Insurance Commission. On 1 October 2001, there was the 15c adjustment that we started this conversation with and, on 1 February 2002, the 10c adjustment for the IME came off. That was only paid as a transitional arrangement.

Senator CHRIS EVANS—In 2001, there was a 10c adjustment for that special measure just for the year?

Mr Maskell-Knight—Yes. If I could give you the actual numbers, it might help the subsequent conversation. On 1 July 2000, the fee was $4.40; on 1 February 2001 it went up to $4.50 with the IME change; on 1 July 2001 it went up to $4.53 as a result of the annual adjustment; on 1 October 2001 it went up to $4.68 as a result of the 15c; and, from 1 February 2002 it has gone down again to $4.58.

Senator CHRIS EVANS—You have this annual indexation price-volume agreement; the announcement, therefore, of this additional estimates measure of the 15c per prescription is unrelated to those adjustments?

Mr Maskell-Knight—That is correct.

Senator CHRIS EVANS—So what is the justification for this adjustment?

Mr Maskell-Knight—As the minister said in his press release, it was in recognition of the role that Community Pharmacy has played in implementing a range of initiatives, including IME.

Senator CHRIS EVANS—Don't we generally just give people a medal or something?

Mr Maskell-Knight—There are an awful lot of community pharmacies—you would need an awful lot of medals.

Senator CHRIS EVANS—I accept that but this is a cost subsidy adjustment, isn't it? As I understand it, we pay that prescription to help cover the costs that the pharmacy incurs in facilitating the filling of the prescription. The press release you referred me to is the one dated 11 September. Is that right?

Mr Maskell-Knight—That is right.

Senator CHRIS EVANS—It talks about recognising the contribution that pharmacists have made towards government initiatives and it then talks about a review of wholesaling arrangements. There does not appear to be any reference explaining why the 15c or any cost changes justify it. Is that a fair summary?

Mr Maskell-Knight—I think that is a fair summary in that it is not based on a particular study of particular costs. It says:

In recognition of the contribution pharmacists have made toward implementing IME and the work they are beginning to do and will do more of towards the Better Medication Management System.

Senator CHRIS EVANS—This was outside the normal indexation arrangements. Are the normal indexation arrangements to apply in July this year?

Mr Maskell-Knight—Yes.

Senator CHRIS EVANS—That again is just a reflection of the agreement about indexation and any price volume agreement?

Mr Maskell-Knight—Yes.

Senator CHRIS EVANS—So they will get another increase then.

Mr Maskell-Knight—It may not necessarily be an increase; it depends on how the price volume agreement works.

Senator CHRIS EVANS—Thank you for correcting me on that. The intention of the government is to honour that agreement and make an adjustments if required.

Mr Maskell-Knight—Yes.

Senator CHRIS EVANS—This document talks about a joint industry-government approach and a review of the wholesaling of pharmaceuticals under the PBS: has that started?

Mr Lennon—Yes, that review has started. It began in November last year and is due to report in May this year.

Senator CHRIS EVANS—Who is conducting that review?

Mr Lennon—The department is providing the secretariat for the review. The review has representation from all of the major stakeholders. Those major stakeholders being the wholesalers, community pharmacy, and the manufacturers of generic medicines. The review is being headed by John Matthews, who is an ex-head of one of the big wholesaling firms, API, and he has since retired. He is regarded as a person of substance and excellence in the field.

Senator WEST—Not a former member of the New South Wales Legislative Council?

Mr Lennon—Yes.

Senator CHRIS EVANS—On notice, could you provide us with a list of the membership of that review group.

Mr Lennon—Yes.

Senator CHRIS EVANS—Could you also confirm the terms of reference that were referred to in the press release.

Mr Lennon—Yes, I can.

Senator CHRIS EVANS—In regard to the 10c increase for the year to the community pharmacies, is that in recognition of them getting hold of my personal identity details. Is that right?

Mr Maskell-Knight—It is in recognition of them taking steps to ensure that only the people who are entitled to pharmaceutical benefits actually receive them.

Senator WEST—Which means producing your Medicare card.

Senator CHRIS EVANS—So was there a debate about the 10c calculation? Was there a debate about that? Was there a methodology and why only for a year? I am just trying to understand. I recall there was some compensation made but it has only, obviously, applied for the year. Can someone just take me through the logic, please.

Mr Maskell-Knight—There was an agreement between the government and the Pharmacy Guild about paying a lump sum in recognition of the cost that the industry as a whole would face in changing their systems to collect, maintain and transmit Medicare numbers. It was decided that the easiest way of distributing that amount between pharmacies was through changing the dispensing fee. So the 10c was worked out by dividing whatever the total amount of money was by the expected script volumes.

Senator CHRIS EVANS—What was the global figure then? What did that 10c levy or payment per prescription cost us for the year?

Ms Badham—It was calculated on the basis of 16 million estimated scripts. The actual cost is about $15.25 million.

Senator CHRIS EVANS—Have you got final figures in or are you still waiting on those?

Ms Badham—I think that is a final figure.

Senator CHRIS EVANS—When you said it was based on 16 million, you meant $16 million allocated, not 16 million scripts? You budgeted that it was going to cost you $16 million and you came in a bit under?

Ms Badham—That is correct.

Senator CHRIS EVANS—The payment was not for any ongoing activity, as it were; it was as compensation for the administrative costs, staffing costs, of implementing the new system?

Ms Badham—That is correct. It was in recognition of the fact that the pharmacists would need to introduce new business processes, deal with consumers who had not yet heard of the program and discuss producing Medicare cards and so on with those consumers.

Senator CHRIS EVANS—That was in the last budget, was it?

Ms Badham—The measure was in the May 2000 budget.

Senator CHRIS EVANS—If I could just go back to the 15c measure: what is that budgeted to cost us in this financial year?

Mr Maskell-Knight—It is on page 41 of the document, Senator. It is $18.9 million.

Senator CHRIS EVANS—Good advice, Mr Maskell-Knight. I will just read the page in front of me. All right, I take the point. Fair comment. And that rises to $24 million in the fourth year. For the record, that confirms that that is not a temporary measure, that is an ongoing measure?

Mr Maskell-Knight—Yes.

Senator CHRIS EVANS—Thank you for that.

Ms Halton—Senator, I wonder if we might just come back briefly to the question of Herceptin.

Dr Harmer—Just going back to the question that I promised to clarify in relation to who it is that contacts the HIC for authority to register a patient on Herceptin. It is, in fact, the doctor as it is for the other authority prescriptions.

Senator WEST—So it is doctor to HIC. That is okay.

Senator CHRIS EVANS—Mr Maskell-Knight, I wonder if you and Mr Lennon are able to get me the figure for that new tax system saving. What was estimated?

Mr Maskell-Knight—What the original estimate was?

Senator CHRIS EVANS—Yes.

Mr Lennon—I do not have it at this moment.

Senator CHRIS EVANS—I just wondered if somebody in the room could look it up for me.

Dr Morauta—We can look it up and come back quickly.

Senator CHRIS EVANS—Okay.

Senator WEST—We had some dates for Gleevec, I understand.

Mr Maskell-Knight—Yes. The government policy approval was on 1 November, a decision made subject to consultation with the opposition. The departmental staff consulted with Ms Macklin's office on 5 November. Ms Macklin wrote to Dr Wooldridge on 6 November and the announcement was made on 7 November.

Senator WEST—The 1 November date: what happened then?

Mr Maskell-Knight—The government policy approval was made.

Senator WEST—Going back from that date, the government gave approval on the recommendations of the PBAC?

Mr Maskell-Knight—That is correct.

Senator WEST—When did the PBAC make the decision?

Mr Maskell-Knight—It was at the September meeting; I would have to check the date of that.

Senator WEST—It was at the September meeting. What took so long for the results of the September meeting to result in the 1 November decision?

Mr Maskell-Knight—I think it was due to the need to, essentially, design a compliance regime to make sure that the listing restrictions were complied with. It took some time to design a method of making sure that the drug was only prescribed to people it was intended to be prescribed to.

Senator WEST—Is the recommendation from PBAC in September the same as the agreed decision from 1 November?

Mr Lennon—Yes, that is right. One other factor that needs to be taken into account in terms of the time it takes is: once the PBAC makes a recommendation it then goes to the

pricing authority to consider pricing aspects, and then there has to be a process with the manufacturers to agree the price. Then there are certain other things to do with certain chemical tests—assay and the rest of it—that have to be done to make sure that the drug is exactly what it is purported to be. And then the listing happens.

Senator WEST—When did the pricing authority give it the tick?

Mr Lennon—I do not have that date at my fingertips but I will get it for you.

Ms Halton—I think we have someone who can actually answer that question for you.

Mr Fox—The pricing authority routinely meets about six weeks after the PBAC meeting and I think it was 15 October that it met.

Senator WEST—Thank you. This decision was a decision made in the caretaker period. What other decisions were made in the September PBAC meeting that did not required to undertake the process of going through the caretaker arrangements—that were actually decided, ticked off and announced before the caretaker arrangements came into force?

Mr Lennon—My recollection is that Gleevec was fast-tracked, because it was recognised that it was a very promising condition for the treatment of chronic myeloid leukaemia. It received an accelerated registration treatment and processing from the therapeutic goods administration. Consistent with that, it received an accelerated process in relation to the PBAC consideration so that if it met the PBAC's normal conditions it could be got on in an expedited manner.

Senator WEST—So the expedition had nothing to do with the fact that the free trial being conducted by the drug company was actually going to end in early November—is that correct?

Mr Lennon—I am sorry, Senator, I missed the last bit of your sentence.

Senator WEST—Is it the case that the drug company trial was ending in early November?

Mr Lennon—No. The evidence in relation to the medical effectiveness and cost-effectiveness of Gleevec was all from trials that were completed that went before the PBAC. A trial that was still in process could not be evaluated by PBAC as part of its decision-making process.

Senator WEST—At the time of PBAC's decision in September, were all the trials completed? Were any of the trials completed?

Mr Mitchell—I suspect that trials were all completed and were done internationally. However, the funding was made available by Novartis, the sponsor company, for some patients to have access—and perhaps that is what you referring to.

Senator WEST—I understand that the reason Ms Macklin was given was that the trial was currently under way and that that trial ended in early November and that was why was rapid processing of this proposal was needed.

Mr Fox—That issue was raised with the department officials when we briefed Ms Macklin's office just prior to the announcement, and our advice to her then was that was not something that the department was aware of.

Senator WEST—So the department was not aware of it. Were you able to provide information sought on the net effect on the budget?

Mr Fox—In the context of trials continuing or is that a different question?

Senator WEST—The approval.

Mr Lennon—I can provide information on the effect of listing Gleevec, if that is the question you are asking.

Senator WEST—I am asking: you were not able to provide information that was sought at the time of the briefing with Ms Macklin on the net effect on the budget—is that correct?

Mr Lennon—I cannot recall the precise terms of the correspondence with Ms Macklin.

Dr Morauta—It was covered in the press release that the minister released on 7 November. The estimate was given as $60 million over the next three years.

Senator WEST—That brings me on to something else. Is it true that the department was not able to provide the information that was sought on the net effect of the budget because the department said the estimated cost did not account for savings on other drug treatments and the provision in forward estimates for new drugs?

Mr Maskell-Knight—I think there is probably a distinction to be made between the net effect on the budget and what the drug might have cost. I think we can make reasonably good estimates about what the drug might have cost. To make estimates about what the effect on the budget is begins to get a sight more complicated because there is, implicit in the Pharmaceutical Benefits Scheme estimates, the assumption that there will be new drugs and there will be old drugs whose usage will then go down because the new drugs come on. So it is not as though you can say, 'Well, we will spend $60 million on drug X and that will be in addition to what is already there,' because the way we estimate the budget for the PBS, as my colleague told Senator Evans earlier, is that it is essentially a global budget based on trends in script volumes and average costs per script rather than saying, 'This is the 4,000 drugs and this is how much we expect to spend on each one.'

Senator WEST—Given that this is for the treatment of patients with, I understand, chronic myeloid leukaemia in the final blast stage, this medication is given in lieu of other medication—is that correct?

Mr Lennon—That is true that are other medications. But one of the factors the PBAC took into account in reaching this decision was that there really was not any other effective treatment available for the final stages of chronic myeloid leukaemia, and that is one of the reasons why they came to the decision at the end of the day to list it for the blast and accelerated phases.

Senator WEST—You are not able to do some simple maths to estimate? You would have some idea of the number of people with chronic myeloid leukemia in final blast stage and some estimate, at least, of the cost of using the conventional drugs as opposed to Gleevec? You are not able to draw any comparisons there?

Mr Lennon—We are able to do estimates of the cost of listing Gleevec on the Pharmaceutical Benefits Scheme, and we are able to attempt estimates of the impact on other drugs. I think what my colleague was saying was that the latter is a more difficult thing to do. That, I think, is all he is saying.

Senator WEST—Have you now done those figures? Are you now able—because you said in the letter to Ms Macklin that the decision had been taken prior to the publishing of the midyear economic and fiscal outlooks and the pre-election financial outlook—to give us figures that you could not give us then?

Mr Lennon—Yes. Discussions have now happened with the department of finance which have resulted in their agreeing—after a process that took some significant amount of time—to the costs of listing Gleevec for those particular phases. I can provide those numbers to you.

Senator WEST—Yes, please. I would like that very much.

Mr Lennon—For 2001-02 the estimated cost is $15.5 million; for 2002-03 it is $22.9 million; for 2003-04 it is $26.4 million; for 2004-05 it is $27.1 million; for 2005-06 it is $28.1 million.

Senator WEST—Why did it take so long to get Gleevec up to the PBAC? It has been around for some time and a number of trials have been conducted.

Mr Lennon—I do not believe that it did take a long time. It certainly did not take a long time between the registration approval being given for the drug by the Therapeutic Goods Administration—which has to happen first; the drug has to be registered in Australia—and its being considered by the PBAC. On the contrary, there was a fast-tracking process both at the registration stage and the PBS listing stage. I am not able to comment on how long it took to get to the application for registration stage, but certainly as far as the PBAC consideration went it was expeditious and in accordance with the way that it was treated for registration purposes by the Therapeutic Goods Administration.

Senator WEST—I understand that the final position was that agreement was provided—this is from Ms Macklin—subject to no public announcement being made during the campaign, and a letter was sent seeking the additional information on the full net cost. The full net cost I understand is critical in estimating the total cost of commitments against the Charter of Budget Honesty. Is that correct?

Mr Lennon—I do not have that detail in front of me. I will have to take it on notice.

Senator CHRIS EVANS—Dr Morauta, you were the author of the correspondence to Ms Macklin. You would be aware of this exchange, wouldn't you?

Dr Morauta—Yes, I was aware of the exchange, but I do not have the papers in front of me.

Senator WEST—Do you recall there being any caveats in Ms Macklin's approval being given—that it was subject to no publicity and that she was also seeking additional information on the full net cost?

Dr Morauta—I am not very good at this kind of detail at this distance and I am sorry that I am not as well prepared as I should be on this item.

Ms Halton—One of the officers has a recollection which he is happy to give you, but we need to check the correspondence. Our understanding is that that is not the case, but we will get the piece of correspondence and we will come back to the issue, if that is all right—unless you have the correspondence with you.

Senator WEST—I do not have the correspondence with me.

Senator CHRIS EVANS—I have a copy of Dr Morauta's letter. That is all I have.

Ms Halton—We can rustle up that letter quite quickly, I think.

Senator WEST—There were some verbal agreements about that anyway—which raises the question, given that the shadow minister was not wanting this to be a publicity stunt or to appear like a publicity stunt or anything during the election campaign, why the minister made the announcement that he made in the last week of the campaign when it was agreed that this

would not occur and that any immediate announcement was not necessary. Or are we in disagreement as to what was alleged to have taken place?

Mr Lennon—Senator, I think we are in a situation where we need to check back over the relevant correspondence and get back to you.

Senator CHRIS EVANS—Have you got a copy of the minister's press release announcing the Gleevec decision?

Dr Morauta—Yes.

Senator CHRIS EVANS—What is the date on that?

Dr Morauta—7 November 2001.

Senator CHRIS EVANS—Would you mind tabling a copy of that. I do not have it in my current file.

Dr Morauta—We are happy to table that.

Senator CHRIS EVANS—Thanks.

Ms Halton—It has scribbles all over it, Senator. We might see if we can find you a clean one to table.

Senator HERRON—When does the current government-Pharmacy Guild agreement expire? I am referring specifically to the location of pharmacies.

Ms Halton—Excuse me, Senator Herron. Senator West, can I ask one of the officers who was party to that conversation to give you his recollection of the conversation, and we will come back to the letter when we actually have a copy.

Mr Fox—Could you remind me of the question, Senator?

Senator CHRIS EVANS—Senator West, the officer, Mr Fox, is able to talk about the understanding that Ms Macklin and the minister had.

Senator WEST—Okay, I am listening.

Mr Fox—Which specific element were you looking for, Senator?

Senator WEST—The specific question relates to there being an agreement or an understanding that, when the approval was given, there would be no announcement. The final position was agreed: there would be no announcement.

Mr Fox—My recollection of the terms of the conversation that we had and then the letter was that they said, 'If you are going to make an announcement, could you please consult my office.' I am not aware of whether there was any such consultation or what happened, but I know that the minister made the announcement on 7 November and Ms Macklin then made an announcement on 8 November.

Senator WEST—And the announcement did not come through Health public relations or anything like that?

Mr Fox—No, not that I am aware of. I believe that came out of the minister's office.

Senator CHRIS EVANS—We are getting a clean copy of the press release. What date was the minister's press statement?

Ms Halton—7 November.

Senator CHRIS EVANS—Dr Morauta, you wrote to Mr Herington and Ms Macklin's office on 6 November?

Dr Morauta—That is the bit of paper I do not have in front of me, I am sorry.

Senator CHRIS EVANS—I can lend you my copy of your letter, if you like. The copy of your letter that I have is dated 6 November.

Dr Morauta—That would be right, Senator.

Senator CHRIS EVANS—So you wrote to Ms Macklin's office on 6 November and the letter referred to telephone discussions that the minister and Ms Macklin had had, and then the minister made an announcement on 7 November?

Mr Fox—That is right.

Senator CHRIS EVANS—We might come back to this when we know where the other piece of correspondence is.

Mr Rennie—Regarding Senator Herron's question, there is a five-year agreement that started 1 July last year and it goes to 30 June 2005.

Senator HERRON—In relation to the location of pharmacies, if an application is refused, what recourse does the applicant have?

Mr Rennie—The process is through the Australian Community Pharmacy Authority. Applications are received. The normal appeal process would apply to decision makers as with any type of decision taken within government. There is no formal appeal body, if you like.

Senator HERRON—Is the agreement covered by legislation or is it just an agreement?

Mr Rennie—The agreement is not covered by legislation.

Dr Morauta—Parts of it are covered by legislation.

Senator HERRON—What parts?

Dr Morauta—I think it is the remuneration part of it that is covered and other parts are not. But we can give you detail on that.

Senator HERRON—So if an application is refused then you could go to the Administrative Appeals Tribunal over the refusal—is that correct?

Mr Rennie—I believe so. Our legal advisers here might be able to help more on the legal side of things.

Ms Byrne—Are you referring to section 90, 'Applications for pharmacy approvals from pharmacists'?

Senator HERRON—Well if that is the section, I take your word for it. Yes.

Ms Byrne—If an application is made to the Australian Community Pharmacy Authority and the authority rejects the application then that decision is appealable to the Administrative Appeals Tribunal. If the ACPA recommends an approval then the delegate or the secretary may still reject the application.

Senator HERRON—On what grounds would they reject that application?

Ms Byrne—They have a very broad discretion in that respect.

Senator HERRON—Is that not defined in the legislation?

Ms Byrne—No.

Senator HERRON—If an appeal is made to the Administrative Appeals Tribunal and then that is rejected, what recourse does the applicant have then? Is there any recourse for the applicant? I presume they could go to common law.

Ms Byrne—That is correct. We in the department would not advise applicants on what their recourse is but, yes, they would have legal recourse.

Senator HERRON—They would have a recourse ultimately to that.

Ms Byrne—Yes, that is right.

Senator HERRON—Has that ever occurred to your knowledge?

Ms Byrne—Do you mean an appeal against a rejection from the delegate rather than from the ACPA?

Senator HERRON—Has they ever been any concern that that might be a restriction on competition?

Ms Byrne—That is not a question for a legal adviser.

Senator HERRON—No. I am really asking Mr Rennie.

Dr Morauta—In the lead-up to the signing of the agreement these matters were weighed by government and clearly government would have regard to the competition issues as it reached its decision in relation to these arrangements. So I think it would be fair to say the matter would have been taken into account when the government reached its decision about those arrangements.

Senator HERRON—Thank you. That is all I have.

Senator Patterson—We were asked a question about ministerial guidelines. There are no specific references to dealing with former ministers. The only possible relevant reference is with regard to lobbyists and it says:

Ministers and parliamentary secretaries will be approached by individuals and organisations, acting on their own behalf or on behalf of others, whose purpose is to seek to influence (lobby) government on a variety of issues.

Ministers and parliamentary secretaries should ensure that dealings with lobbyists are conducted so that they do not give rise to a conflict between public duty and private interest.

In dealing with a lobbyist who is acting on behalf of a third party, it is important to establish who or what company or interests that lobbyist represents so that informed judgments can be made about the outcome they are seeking to achieve.

Then there is some stuff about foreign governments.

CHAIR—We are going to break now because we have not finished program 2. Aged care will then be coming after outcome 5. That decision was made earlier to drop it down. After lunch we will do 2 then 4.

Proceedings suspended from 12.39 p.m. to 1.47 p.m.

CHAIR—I understand from the officers that there are some questions to mop up, so to speak, so that we can start afresh. I hand it over to you, Dr Morauta.

Dr Morauta—Thank you, Madam Chair. The first one was that Senator Evans wanted copies of the Gleevec press releases dated 7 November and we are happy to table those now. The second issue we wanted to go to was the announcement about prostate cancer.

Mr Maskell-Knight—There was a question about an announcement Minister Wooldridge made on 3 October about funding for prostate cancer. It was a project to improve GP and patient knowledge of detection and treatment for prostate cancer around the prostate-specific antigen test, or the PSA test. That contract under which that project was carried out was signed on 31 January and the first progress report was made on 1 August 2001.

Senator CHRIS EVANS—That was the education campaign on using the PSA test. Is that the one?

Mr Maskell-Knight—Yes.

Senator CHRIS EVANS—Who was that a contract between?

Mr Maskell-Knight—It is between the Drug and Therapeutics Information Service, which is an initiative of Queensland University, and the repatriation hospital in South Australia.

Senator CHRIS EVANS—Was the announcement a progress report?

Mr Maskell-Knight—The announcement was, as far as we can sort out, the next stage. Until then the work had been focused on developing the material. It was at that stage that it was starting to go live.

Senator CHRIS EVANS—There were no new funds announced as part of that?

Mr Maskell-Knight—No, there was no new commitment made.

Senator CHRIS EVANS—So the $0.5 million is in which program?

Mr Maskell-Knight—It is under the quality use of pathology program. It is 1.47.

Senator CHRIS EVANS—So this decision had no impact on the budget or the previous announcements?

Mr Maskell-Knight—No.

Senator CHRIS EVANS—What about the other announcement on 3 October?

Dr Morauta—That was the ovarian cancer one. We are picking that up in outcome 9.

Senator CHRIS EVANS—Just to keep me on my toes?

Dr Morauta—No, we have that written down too, so we will try to remember it. Another question you asked was about the nature of the agreement between the shadow minister for health and Dr Wooldridge about announcements on Gleevec. I cannot comment on other matters, but I do have correspondence between them, and I am happy to table that. Ms Macklin says:

If you propose to make an announcement prior to Saturday, could you please let me know of the arrangements and how the net budget impact will be expressed in the announcement?

So that is the only information we can add there. But we are happy to table that if you do not have it, Senator.

Senator CHRIS EVANS—Thank you.

Dr Morauta—The fourth issue that we have updated information on is the wholesale sales tax adjustment in the budget and what the original savings anticipated were. Mr Lennon will answer that.

Mr Lennon—The original savings anticipated, starting with the year 2000-01, were $26 million, $58 million, $93 million and $111 million. That covers the first four years.

Senator CHRIS EVANS—In the outyears?

Mr Lennon—Yes.

Senator CHRIS EVANS—Sorry, there was a bit of noise. It was $26 million for the year 2000-01.

Mr Lennon—Then $58 million for the following financial year, $93 million and $111 million. Actual savings were $11 million in each of those years.

Senator CHRIS EVANS—So you were $15 million under estimate the first year, and then it grew after that. So was it like a fixed-cost saving?

Mr Lennon—We achieved savings in the first year, but we did not manage to grow the savings as we had hoped we would.

Senator CHRIS EVANS—I might regret asking this, but can you briefly explain to me how the savings were to be made and where the savings came from?

Mr Lennon—The savings came from reductions in the price of pharmaceutical products listed on the Pharmaceutical Benefits Scheme by pharmaceutical manufacturers. Some manufacturers agreed to drop their price in recognition of the fact that their input costs had reduced with the abolition of the wholesale sales tax.

Senator CHRIS EVANS—So what does the $11 million represent—the fact that some manufacturers did drop their costs?

Mr Lennon—That is correct.

Senator CHRIS EVANS—And the failure to get the rest means that those other manufacturers did not drop their costs?

Mr Lennon—That is also correct.

Senator CHRIS EVANS—What was the reason for the other manufacturers not passing on the alleged reduced cost basis?

Mr Lennon—It was their contention that the savings were not of the magnitude estimated and that there were other costs associated with the implementation of the new tax arrangements which needed to be taken into account.

Senator CHRIS EVANS—So at some stage you gave up on the argument?

Mr Lennon—At some stage we got to a position where we realised, short of taking the particular products off the Pharmaceutical Benefits Scheme and pushing it to that sort of level, that we would need to stop—

Senator CHRIS EVANS—You were flogging a dead horse?

Mr Lennon—We achieved certain savings but not the full savings—that is right.

Senator CHRIS EVANS—Is it fair to say, in describing that, that you achieved savings of a lesser amount across the board or that you only got certain manufacturers to play the game? I know that is a generalisation. For instance, was the fact that you only got part of your savings because some manufacturers complied and dropped their costs and others did not?

Mr Lennon—Yes, that is correct.

Senator CHRIS EVANS—So you were successful with some and not with others, effectively?

Mr Lennon—That is correct.

Senator CHRIS EVANS—Thanks for that.

Senator GIBBS—I want to clarify something on page 41, exceptional circumstances drought assistance to Western Australia and Queensland. We have got figures here of $911,000, $1,021,000, and $92,000, which comes to $2,024,000. Is this $2 million-odd to go to that program totally out of the health budget?

Mr Maskell-Knight—As I understand it, this is the cost to the Pharmaceutical Benefits Scheme of extending concessional status to people in those areas, in recognition of the hardship circumstances that are facing them.

Senator GIBBS—So that money is actually going to health costs for those people.

Mr Maskell-Knight—To pharmaceutical benefit costs, yes.

Senator GIBBS—It says on the next page—obviously it comes from different portfolios—that drought assistance 'will be administered through Centrelink'. That is where I was a bit confused. I was wondering if that health money was actually going for health benefits.

Mr Lennon—Yes, it is going for health benefits. Other initiatives which lead to increases in the number of cardholders in family and community services have flowthrough effects on the Pharmaceutical Benefits Scheme and this particular initiative has similar effects. Even though it was the initiative of another portfolio, there will be flowthrough effects in terms of extra assistance under the Pharmaceutical Benefits Scheme, and it is recording that effect.

Senator GIBBS—Thank you. I take it that, because it is being divided between the two states, there will not be money allocated for Western Australia or Queensland; it will be given out as needed?

Mr Maskell-Knight—It is an estimate, yes. It is the extra cost the government thinks it will pay in relation to pharmaceutical benefits which people in those areas receive. It is the difference between the $22.40 per script which those people would have paid if they were treated normally and the $3.60, or whatever the amount is, that cardholders pay.

Senator GIBBS—Right.

Mr Lennon—I have just been advised that there may some costs in there other than the Pharmaceutical Benefits Scheme cost, so we will get back to you with a precise answer.

Senator GIBBS—Thank you very much. I have one other question on the National Brain Injury Foundation Health Program. The PBS says:

This Grant ceased in July 2001 as it was no longer required.

Why don't we require that any more?

Ms Halton—Could you tell us what page you are reading from?

Senator GIBBS—It is on page 47, under 'Explanation of Variations', 'National Brain Injury Foundation Health Program Grants'. Why do we no longer require this?

Dr Morauta—We will have to take the question on notice. We are not clear about why the National Brain Injury Foundation Health Program grant ceased during the year. It is an offset, usually, for a Medicare benefits service, but we will have to get you the details of it.

Senator GIBBS—Thank you. It is just that right across the table on page 47 you have the figure of minus $52,000, going until 2005.

Ms Halton—We will take it on notice.

Senator GIBBS—Could you let me know why it is no longer required and what the circumstances were for it not to be required any more.

Ms Halton—Senator, I think the piece of paper that explains this has been found. I think my colleague has an answer for you.

Senator GIBBS—Good.

Mr Keith—The National Brain Injury Foundation, which runs this program, advised us that, due to the retirement of the doctor who used to run this service, they were no longer able to provide the service, and they could not find anyone else to replace him. So it was at their request that we discontinued this program.

Dr Morauta—I do not think the whole of the National Brain Injury Foundation has been folded up; it is an element of their service.

Senator GIBBS—Looking at what it says here, this grant is not very clear.

Mr Keith—The grant was provided for a doctor to travel around and provide certain services to patients with brain injury and advise people looking after people with brain injury about the appropriateness of treatment and care. The doctor who used to run that program retired, and the foundation were unable to replace him and, therefore, they were no longer able to continue the service.

Senator CROWLEY—Which doctor and where?

Mr Keith—I will have to take that on notice.

Senator GIBBS—So in the whole of Australia we cannot find a doctor to continue this work?

Mr Keith—I have just been advised that it was a Dr Freeman. I will have to take that on notice; I do not know that detail. We had discussions with the National Brain Injury Foundation, and we were looking for alternatives because we were concerned about the discontinuation of this program.

Dr Morauta—Just to explain and to ensure people understand, the amount of money involved was $52,000 a year. It was not $52 million; it was only $52,000.

Senator GIBBS—I realise that it was only $52,000. Was that his wages?

Dr Morauta—That would be part of his services, instead of an MBS rebate.

Senator GIBBS—Do you think in the future that we might be able to find a doctor to continue this service? Are they still looking for a doctor?

Mr Keith—I am unaware of that. I will have to get back to you on that. That is an issue for the National Brain Injury Foundation.

Senator GIBBS—All right. Thank you.

Senator CROWLEY—Madam Chair, I would like to follow this a little. It is actually an item in this little book. It is not something that one of the senators has pursued as a variation on a theme; it is written in the PBS. I would have thought, Madam Chair—and even Minister—that you might want to account for how we could have people unable to tell us about it. You might say that it is $52,000 and that is not much, but it is listed as an item in the PBS, and I should have thought somebody ought to be able to explain it to the senators.

Senator Patterson—With all due respect, I think the officers have explained it. If you want more detail, they have agreed to get more detail, but they have explained what the program was. They have explained that the doctor is not available anymore and that the request to cease the program was from the brain foundation. If there are any more details, we will get them for you.

Senator CROWLEY—That is very reasonable, Minister, but I stick with the point that the first responses were, 'We don't really know; we will take it on notice.'

Senator Patterson—You have now been given an answer, Senator Crowley.

Senator CROWLEY—We have been given some answer. We do not know where Dr Freeman is from. I can quite understand in a big portfolio that there are lots of details that you may not know, but this is written in the PBS. This is not a case where you can say, as you often do say to me, 'That is a matter for the state; we don't have the answers'. This is written here, so I am surprised that we cannot get an up-front answer without having to take it on notice.

Ms Halton—With respect, Senator, the piece of paper that explained that issue was retrieved by an officer in a matter of about 30 seconds—we could go back and review it.

Senator CROWLEY—I would say it was probably about 15 seconds, and she is working hard on the second half of the question.

Ms Halton—The reality is that the officer who came to the table thought that he understood and was able to answer the question. As it happened, the particular piece of paper was not available to his hand at the very second that he turned up. The fact is that one of his officers retrieved the relevant piece of information and provided it to you. As you can probably see better than I, we are trying to find out where this particular doctor is located, but I do think an answer that is retrieved fairly quickly should be acceptable.

Senator CROWLEY—It is written in the book; it is actually an item that rated a mention in the PBS. It is an issue too that Senator Gibbs has followed very closely through the estimates. It is not unusual or odd that she should ask questions about it. It is a very reasonable question, and here it is. The PBS states:

This grant—

this is obviously one grant of a number of grants, so it is curiously worded—

ceased in July 2001 as it was no longer required.

I take Senator Gibbs's point that the wording here would give you to understand, perhaps, that people did not have brain injury anymore. The explanation we have been given is more than reasonable but I do not think these words actually cover that. I ask you to consider that if things are documented here answers could be provided without notice; and would you look at the wording of it, because it is open to misinterpretation.

Ms Halton—Senator, we will most certainly review the wording in the document.

CHAIR—Does anyone have any questions on outcome 2?

Senator CROWLEY—I want to ask some on medical indemnity. If no-one else has questions, can I go to that now?

Senator CHRIS EVANS—Did you find Dr Freeman?

Mr Keith—We did not have the location; I did not think it would be relevant.

Senator CHRIS EVANS—That is fine; I just did not want to have to go back to that—

Ms Halton—We will continue to try to locate Dr Freeman, Senator.

Mr Keith—Do you need to know the location?

Senator CROWLEY—I would like to know. Senator Gibbs asked, 'Can't you find another doctor?' If you have a doctor who is doing rural and remote areas for this grant, that is very different from doing suburban Sydney—that is why I am interested to know the location of this doctor and the area covered by his roving.

Ms Halton—We will get you the location of this doctor, Senator.

CHAIR—Are there any further questions on outcome 2?

Senator CROWLEY—Yes, I would like to ask some questions about medical indemnity. Can I have some information about the proposed medical indemnity summit? When will it be held?

Mr Maskell-Knight—That is still under consideration by the government.

Senator CROWLEY—Where?

Mr Maskell-Knight—If we do not know when, we are still thinking about where.

Senator CROWLEY—Do we know who has been invited?

Mr Maskell-Knight—No, we do not know yet.

Senator CHRIS EVANS—Perhaps, Mr Maskell-Knight, you can tell us all you do know, which will obviously be a much quicker process.

Mr Maskell-Knight—I expect you are right, Senator Evans.

Senator CROWLEY—Pardon?

Mr Maskell-Knight—I said I expected Senator Evans was right, that it would be much quicker for me to tell you all I know about the summit.

Senator CHRIS EVANS—Then you sat back in your chair and went silent!

Senator CROWLEY—Feel free—go ahead and tell us what you know.

Mr Maskell-Knight—The Prime Minister announced before Christmas that there was going to be one. The government is still working through the details of when, where and who.

Senator CROWLEY—Can you tell me whether or not the Commonwealth will be taking proposals to the meeting?

Mr Maskell-Knight—I think that is another detail which still has to be worked through, Senator.

Senator CROWLEY—A few years ago we wrote a report from the Senate on childbirth, I think. The end of that report included information about medical indemnity. You might have to help me here, but my memory is that, in response to the recommendations of an inquiry into medical indemnity, the advice from the government was: 'No, we are not going to do that.' I recollect that that was the response to that recommendation, so I wonder if you could explain to me what has changed.

Mr Maskell-Knight—I am not sure that anything has changed in particular. The government made a decision that the increases in premiums over the last few years have been

such that there would be value in having a group of all interested parties meet and consider the situation and what might be done.

Senator CROWLEY—Is it fair to say that the increase to, I think, $96,000 of premium for an obstetrician specialist in New South Wales might have been something of a trigger?

Mr Maskell-Knight—I think it is fair to say that the increase in UMP premiums that was announced late last year was the trigger for the government deciding to hold the summit. I think that is fairly much a matter of public record.

Senator CROWLEY—Maybe you need to take this on notice, but I would appreciate it if you can provide me with anything further about why the government had previously said there is no need for a summit and now there is. If that information is only because of the outrageous increases in premiums, I would be pleased to be advised of that, or of any other information that might have led to the change.

Mr Maskell-Knight—I do not think there is any other information, Senator.

Senator CROWLEY—Is it likely that the summit will cover the extremely different ranges of premium costs from one state to another?

Mr Maskell-Knight—I think you are inviting me to speculate. I have no idea what the summit might do.

Senator CROWLEY—Are you aware of the difference in premiums from one state to another?

Mr Maskell-Knight—I am aware in broad terms, Senator, yes.

Senator CROWLEY—Maybe Senator Knowles or other colleagues can help me with this, but, as I understand it, the obstetrician premium was about $49,000 for a New South Wales specialist, $27,000 for a Victorian or South Australian specialist and $11,000 for a Tasmanian. As they are all practising the same kind of medicine, that certainly seems to me pretty problematic. You might like to check on those figures, but would you be able to provide any non-speculative information about whether or not such things would also considered?

Mr Maskell-Knight—It is very difficult for me to say what might or might not be the topic of conversation at a meeting which is to be held in the future, when I do not know who is going to be there. I imagine that people from New South Wales might well raise the issue of why their premiums are higher than their colleagues in the same specialties elsewhere.

Senator CROWLEY—Is the department doing any work on this matter?

Mr Maskell-Knight—We are certainly preparing advice for the minister and the government about when, where, who and similar issues, yes.

Senator CROWLEY—Does 'similar issues' cover information about the cost of premiums between states and between specialties?

Mr Maskell-Knight—I am not sure what you mean by 'doing work', Senator. We are aware of what the premiums by specialty in New South Wales are in very broad terms. We do not have detailed information about other states. The only reason we know about UMP is that they provided us with some information. However, the indemnity insurers tend to regard such information as confidential.

Senator CROWLEY—Is that a concern to government?

Mr Maskell-Knight—I am not sure that it is a particular concern to government. I think it is up to doctors to make inquiries about what premiums they can secure from whom. It is not as if the government regulates—certainly, I suppose the parallel one might draw is with the health insurance industry, where the government regulates price increases. Clearly we need to know what the prices are if we are going to regulate the increases.

Senator CROWLEY—You also set a figure on how much you are prepared to pay specialists for services done, particularly in private practice—75 per cent of, et cetera—do you not?

Mr Maskell-Knight—Yes.

Dr Morauta—Senator, a year or two ago some quite detailed work was done in the department about the costs of medical indemnity across the states. We do not have that completely updated, because it is a very big exercise to get the material. But we did have a very clear picture—I think it would be 24 months or 12 months ago or so—of the variations. But it was a very big exercise to get the information via an independent study via independent consultants of this, because it is confidential information; it is not widely available.

Senator CROWLEY—Are we referring to the work done by Fiona Tito?

Dr Morauta—No, to some work done in a study of practice costs associated with the MBS.

Senator CROWLEY—Would that be able to be made available to us?

Dr Morauta—Yes, we can make that available. It is on a web site. We can get it for you.

Senator CROWLEY—Okay, thank you. The work that you are preparing for the minister is all in the nature of private and confidential? Nothing of that work that you are preparing on this matter can be provided to the committee?

Mr Maskell-Knight—I think it is all in the nature of advice to the minister, Senator.

Senator CROWLEY—When it is decided, would you be able to provide the committee with information about the summit?

Mr Maskell-Knight—Certainly.

Senator CROWLEY—Thank you very much.

Senator HARRADINE—Turning to the PBS and the new chronic myeloid leukemia treatment, Gleevec, why has the PBS rejected approval for subsidising—

CHAIR—Senator, excuse me, but we have covered a lot of that this morning.

Senator HARRADINE—With your indulgence, could I put this on notice just in case it was not covered?

CHAIR—Certainly.

Senator HARRADINE—I apologise, I was at another hearing. I do not have bilocation—thankfully, for some people. Thank you.

CHAIR—Perhaps you could put your questions on notice and, if anything has not been answered, I am sure that will be taken into account.

Senator CHRIS EVANS—Perhaps you could tell us which areas of the PBS you want to cover, and I will tell you whether or not we did it ad nauseam this morning.

Senator HARRADINE—I will put this on notice to save time, if the department would accept that.

CHAIR—Thank you, Senator. Is there anything further you have on outcome 2?

Senator HARRADINE—Yes. On the MBS and payments for abortion, last time at the estimates committee you told us that benefits under the MBS were not paid in respect of procedures undertaken in the third trimester. Do you recall that?

Mr Maskell-Knight—I do not remember telling you that, but that is certainly true.

Senator HARRADINE—How is that known by the HIC?

Mr Maskell-Knight—The item descriptors under which doctors claim are for first trimester and second trimester. There is no item descriptor for third trimester.

Senator HARRADINE—So you accept what the medical practitioner says in regard to that matter?

Mr Maskell-Knight—That is correct. The Health Insurance Commission might be able to elaborate on the compliance regime. But I suppose it is true to say that, with most claims under the Medicare Benefit Schedule, we accept what the doctor says.

Senator HARRADINE—I would like to ask the HIC then about compliance methods. Could we have a copy of the following documents applying to the current Medicare Benefits Schedule item for abortion: administrative guidelines for the program, risk management plan for the program, forward control plan, professional review guidelines and professional review division policy manual? Could we possibly get that information?

Dr Harmer—I will do my best to get those for you. Obviously I do not have them with me now. Perhaps I could just make a comment. In relation to any behaviour in relation to Medicare claiming, the Health Insurance Commission acts on any information that we get from time to time if there is something appropriate going on. Other than that, we monitor the program carefully, we do regular audits and reviews of behaviour and we will have guidelines. So we will get those for you.

Senator HARRADINE—What prepayment and post-payment controls do you have in place to ensure that the claims for abortion items in the Medical Benefits Schedule are appropriate?

Dr Harmer—I am sorry, I do not have that with me.

Senator HARRADINE—How many audits and investigations have been carried out of payments made against abortion items in the MBS in the past five years?

Dr Harmer—Over the past five years?

Senator HARRADINE—Over the past five years. Do you have that here?

Dr Harmer—No.

Senator HARRADINE—Have any abortion providers been audited in the past five years as part of HIC's compliance audits; and, if so, could we have a copy of the resulting report?

Dr Harmer—I am not sure that we would be able to make available to you the report, but I can give you the figures on how many.

Senator HARRADINE—Have there been any fraud investigations of abortion providers in the past five years?

Dr Harmer—I am not aware.

Senator HARRADINE—Could you take that on notice and provide us with the details?

Dr Harmer—Certainly.

Senator HARRADINE—Has there been any prosecution of any person or organisation for fraud involving abortion items? If so, could you provide the details thereof?

Dr Harmer—Again, I will undertake to provide that.

Senator HARRADINE—Would you please provide me with details of the audit trail for payments for the MBS abortion items and details of documents given to support claims under these items.

Dr Harmer—Again, I will have to take advice on what I could make available of that, to the extent that we have any. But I will take that on notice.

Senator HARRADINE—Have you provided an estimate of how much fraud you might expect to occur in respect of those abortion items? If not, would you please do so and provide us with a copy?

Dr Harmer—Again, I do not know whether we have done an estimate. I think it is unlikely that we have done an estimate of that.

Senator HARRADINE—The response that was given a short while ago in respect of Medicare payments for late-term, third trimester abortions: are payments made in respect of a four-month-old unborn child, the abortion thereof?

Dr Morauta—I am sorry, is the question about the first or second trimester? Are you talking about second trimester?

Senator HARRADINE—I am talking about four months old.

Dr Morauta—That would be second trimester.

Dr Harmer—Four months would be second trimester. Yes, there is an item for it.

Senator HARRADINE—In your reckoning, with six months also, there is an item and payments are made?

Mr Maskell-Knight—The item is described in terms of weeks, not months. If you will just bear with me for a moment, I will find it. I am sorry, it talks about trimesters; it does not talk about months. I have to go to a medical colleague to explain exactly which weeks are considered to be the second trimester.

Senator HARRADINE—Don't you know?

Mr Maskell-Knight—I have an idea that it is 28 weeks, but I would stand to be corrected by people with clinical knowledge.

Dr Cook—The second trimester we have defined as between three calendar months and six calendar months. So six calendar months would qualify as a second trimester.

Senator HARRADINE—I show to the committee a foetus or unborn child at six months. The abortion of those unborn children is paid for by Medicare; is that correct?

Dr Cook—Yes, that is correct. The benefit, though, is only payable for where there is gross foetal abnormality or life threatening maternal disease.

Senator HARRADINE—No, I am talking about four and six months—

Dr Cook—Yes that is right. For the second trimester, Medicare benefits are only payable where there is gross foetal abnormality or life threatening maternal disease.

Senator HARRADINE—How many abortions have been paid for by Medicare in respect of that area?

Dr Cook—There were 726 services performed under item 16525.

Dr Morauta—That is in the 12-month period from December 2000 to November 2001.

Senator HARRADINE—Would you please repeat that figure?

Dr Cook—That was 726.

Senator HARRADINE—My goodness! That is for what months?

Dr Cook—From December 2000 to November 2001.

Senator HARRADINE—Yes; but the months of the age of the foetuses.

Dr Cook—From the third to the sixth calendar month.

Senator HARRADINE—Gross foetal abnormality: what is that defined as?

Dr Cook—That is a clinical judgment made by the clinician.

Senator HARRADINE—By the abortionist?

Dr Cook—By the medical practitioner.

Senator HARRADINE—By, for example, Dr Grundmann?

Dr Cook—Whoever is the treating practitioner, yes.

Senator HARRADINE—Are you aware of Dr Grundmann's description of one late-term abortion technique for four to six months—the dilation and breach extraction DNX? Dr Grundmann on a ABC *7.30 Report* once described the technique as essentially a breach delivery where the foetus is delivered feet first and then, when the head of the foetus is brought down into the top of the cervical canal, it is decompressed with a puncturing instrument so that it fits then through the cervical opening. Am I to understand that that barbaric method is paid for through HIC?

Mr Maskell-Knight—If it is done under the terms of the item, then yes, it is.

Senator WEST—Are there not obstetrical conditions where in fact it might be that the child is already stillborn but this is an approved method of delivery, a recognised method of delivery which would be in accord with best practice?

Dr Cook—I am not aware of whether it is considered to be best practice, but it certainly would be one method of aborting a foetus between three and six calendar months.

Senator WEST—I am thinking of situations that I have experienced that, in pregnancies that have gone to term into the third trimester, the child has died. There are medical conditions and there are obstetrical conditions that in no way relate to scenarios that my honourable colleague is presenting but that can present, where this may be an option for delivery.

Dr Cook—My understanding is that it is one of the options that a medical practitioner would consider in the management of a woman who was pregnant and required termination.

Senator WEST—I am not necessarily saying in cases of termination and I am not going to quote cases here, but I can remember in my obstetrics training that this was undertaken under

very rare conditions; but where the child had expired. It probably had a hydrocephalus, a very profound one, plus spina bifida. In all those situations, these procedures were carried out.

Dr Cook—Yes; it can be carried out for a still birth; that is part of the item.

Senator WEST—If it is carried out in a stillbirth, would you know if the foetus was a stillbirth or—

Dr Cook—No; we have no way of knowing that under the item; we do not collect any of that information.

Senator WEST—I just have concerns. I have raised my concerns, and so I will leave it at that.

Senator HARRADINE—I come back to the question: does the item refer to other methods in that area, like the prostaglandin method?

Dr Cook—There is no referral to the actual type of procedure. It only refers to how the delivery is effectively the stillborn or grossly abnormal foetus. It just says 'management of second trimester labour with or without induction for intra-uterine death, gross foetal abnormality or life-threatening maternal disease.'

Senator HARRADINE—So you have not got a breakdown of the foetus type.

Dr Cook—No, we do not have breakdowns.

CHAIR—Any further questions on outcome 2?

Senator CHRIS EVANS—Perhaps we can go back briefly to the prescription discussion. I do not want to go into particular drugs et cetera. I want to ask about the status of the blackout ban that has been mentioned, about the potential for a ban on promotion of a new drug by pharmaceutical companies and what the government attitude is, or what the status of negotiations is. I gather that a number of doctors groups have raised that as a sort of policy proposal.

Dr Morauta—If I might make a broad answer, the department and the minister have invited groups, as they normally do, to make submissions in the run-up to the budget process, and those submissions are coming in now. Some of them, as they did this morning, get quoted in the paper. But the government's policy process is beyond that, and they are just part of that process.

Senator CHRIS EVANS—So there is no ongoing debate inside government about a blackout ban; it was just a submission put to you: is that a fair description?

Dr Morauta—I think that would be what could be said; the matter has been raised by people outside the department. The government will obviously consider its response to these submissions in due course.

Senator CHRIS EVANS—I see there is an extra $70 million for the Australian Health Care Agreements. Could someone just explain that to me?

Mr Barnes—I am responsible for the health care agreements. Basically—

Senator CHRIS EVANS—That is a big claim.

Mr Barnes—I try and make them run as efficiently as I can on behalf of the government. Basically, the health care agreement appropriations are a special appropriation under their own act. The agreements themselves have a population based and driven formula in terms of calculating each state's entitlement under the agreements to health care grants. Basically, the

needs base of the population through that has changed and, therefore, the actual health care grant allocations are also adjusted upwards. So basically the amount is revised periodically to reflect the current situation.

Senator CHRIS EVANS—So what is driving the extra costs? Population?

Mr Barnes—Basically population, which takes into account factors such as age and number of public patient separations in each state.

Senator CROWLEY—Will the Australian health care agreements continue the so-called concession to the states, to not ask them to contribute money in lieu of the presumed reduction in the number of public hospital demands because of increases in private health insurance?

Mr Maskell-Knight—The government made a policy statement during the campaign that it was not going to claw money back as a result of the increase in private health insurance.

Senator CROWLEY—Is that for the current practice or does it actually cover the next agreement?

Mr Maskell-Knight—It relates to the current agreements, as I understand it. The further agreements are a matter for negotiation and consideration at a later time.

Senator CROWLEY—So that promise does not apply to the forthcoming agreement?

Mr Maskell-Knight—I might need to seek some clarification on that and take that on notice, unless some of my colleagues can help me.

Dr Morauta—I would be almost certain that it was part of the election commitment in relation to the forthcoming health care agreements, too.

Ms CORCORAN—For the forthcoming one—that is, the next five years?

Dr Morauta—That is my understanding, but we will check it for you.

Senator CROWLEY—Thank you. That is a considerable amount of money, is it not?

Dr Morauta—We are going to check the wording for you and provide it later in the day.

Senator CHRIS EVANS—Can someone tell me where we are at with regard to commencement of negotiations on the new health care agreements?

Dr Morauta—No negotiations have commenced yet.

Senator CHRIS EVANS—Is there an agreed time line?

Dr Morauta—Before they are due to start there is no particular timetable, at the moment, for it.

Senator CHRIS EVANS—When does the current one expire?

Mr Barnes—On 30 June next year.

Senator CHRIS EVANS—There is no agreed meeting timetable process for negotiations for the new ones?

Dr Morauta—No.

Senator CHRIS EVANS—When do they normally start?

Ms Halton—In my experience of negotiating health care agreements, there is usually quite a lengthy process of considering those health care agreements inside government and then there is a fairly protracted period of discussing those agreements with the states.

Senator CHRIS EVANS—That is what I thought. I was just trying to get an idea of when that process is likely to start. I am trying to get some feel for whether the department has initial meetings planned with the states for later this year or whether that is—

Ms Halton—We do not have any meetings scheduled but one would anticipate that, as the agreements expire next year, during the course of this year we will have to have some discussions. But there are no plans as yet.

Senator CHRIS EVANS—Can I ask whether any funding has been put aside toward the building of a Knox hospital? Is there anything in the budget or in the additional estimates for this year or out-years?

Ms Halton—I see blank faces, Senator.

Senator CHRIS EVANS—I see them all the time.

Senator CROWLEY—I hope you are not looking at us!

Ms Halton—No, I was actually looking in the stalls. Put it this way—I cannot see anyone rushing to tell me that we are aware of it. At the risk of causing a response from Senator Crowley, we will take it on notice.

Dr Morauta—Is it just a building of a Knox hospital?

Ms Halton—Yes, would you like to give us a hint?

Senator CHRIS EVANS—There has been a lot of political byplay regarding the Aston by-election and about suggestions of a Commonwealth commitment to help fund the building of a hospital in Knox. I was just wanting to be clear, on the record, on whether or not any funds had been allocated for that purpose.

Dr Morauta—We will have to find out about it, Senator.

Senator Patterson—Can I just make a comment? I have just been advised that there was no such commitment from the Commonwealth.

Senator CHRIS EVANS—I did not claim there was, Minister, if you check—

Senator Patterson—No. But there had been a commitment by somebody else, which was withdrawn. Maybe you need to check that, Senator Evans.

Senator CHRIS EVANS—No. What I need to do is ask questions at estimates about Commonwealth commitments.

Senator Patterson—It was not a Commonwealth commitment. I have been advised that Mr Bracks made a commitment before the last election. I do not know about that. I have just been advised. Maybe it is somewhere you do not want to go. But it was not a Commonwealth commitment; that is how I have been advised—that the Commonwealth did not make a commitment.

Senator CHRIS EVANS—I know that, but there were some commitments made by various candidates, et cetera. I do not want to have a political argument. All I want to know is whether the Commonwealth, in the Commonwealth budgetary process, allocated any funds both in this year or in out years for a contribution towards the building of a hospital in Knox.

Ms Halton—No, we do not believe so. But, as I said, I cannot be absolutely certain there was no commitment. We will take that on notice.

Senator CHRIS EVANS—Thank you for that.

CHAIR—Any further questions on Outcome 2?

Senator CHRIS EVANS—It would not be estimates if we did not ask a couple of MRI questions. I was telling somebody today that it is a bit like the relationship between hostages and their captives.

Mr Maskell-Knight—Who is who?

Ms Halton—I was just going to say, 'We won't ask who is who.'

Senator CHRIS EVANS—No, I am the captive. It is fair to say that I have been the captive. Actually, I wanted to run that pretty parochial Western Australian argument today by asking about allocations for Fremantle Hospital and the Princess Margaret Hospital, but perhaps I will start at the beginning. Could we have an update on the MRI usage figures, Dr Morauta—where we are with the cap? The three-year agreement finished at the end of June last year—is that right?

Mr Keith—That is correct. If you recall, it was extended for an additional two years.

Senator CHRIS EVANS—That is right. What were the terms of the extension?

Mr Keith—The terms of the extension were that the agreement would continue at an accepted growth rate of five per cent, that discussions would occur on what additional MRI services would be provided under that agreement—the extension of the two years.

Senator CHRIS EVANS—At the extension of the two years?

Mr Keith—For the two years. For the three years, if you recall, the agreement provided a cap on all services except MRI, and 403,000 MRI scans were purchased under that agreement. It provided for a growth figure of 765, which was adjusted to 766 and then five and five in the two out years.

Senator CHRIS EVANS—Five per cent growth in two out years?

Mr Keith—Yes.

Senator CHRIS EVANS—But we got above the cap of 4,000 and 5,000 anyway, didn't we?

Mr Keith—We did.

Senator CHRIS EVANS—What was the base—the previous cap or the actual existing usage?

Mr Keith—In the final year of the agreement it was provided that, under the agreement, there would be 155,000 scans in 2000 and 2001.

Senator CHRIS EVANS—Yes. How many were there?

Mr Keith—There were 192,052.

Senator CHRIS EVANS—When you say that you have a five per cent increase in 2001, is that on the cap or the actual figure?

Mr Keith—That is on the capped figure. That is on the purchase, which takes it up to 162,750.

Senator CHRIS EVANS—That is for this year?

Mr Keith—Yes.

Senator CHRIS EVANS—And what is it for next year?

Mr Keith—It is 170,888.

Senator CHRIS EVANS—So in fact they would have to get well under the previous year's usage to meet those caps?

Mr Keith—Indeed, yes.

Senator CHRIS EVANS—And what are the penalties for exceeding the cap?

Mr Keith—There are no penalties with MRI because we purchased a certain number within the agreement. All services provided over that number are funded through Medicare in the normal way that other services are provided.

Senator CHRIS EVANS—There was going to be a tender for seven new MRI scanners in 2001; I understand you have approved only six. Is that right?

Mr Keith—That is correct.

Mr Maskell-Knight—Just as a point of clarification, Senator, we said 'up to seven'. In the event, the tender process only identified six areas.

Senator CHRIS EVANS—Is that why there are only six identified or was it because you had to let one back in?

Mr Maskell-Knight—We canvassed this last May, Senator. The Blandford review recommended one in Western Australia because, as it transpired, we had one more than we thought we had in WA. We did not go out for tender for another one there.

Senator CHRIS EVANS—All right. Did the application from the practice with an existing MRI at the Bunbury Regional Hospital meet all the requirements of the tender?

Mr Maskell-Knight—The tender was based around areas of need, and Western Australia was not identified as an area of need so, therefore, they could not put a tender in.

Senator CHRIS EVANS—As I understood that was because of what was seen as an overconcentration in the city of Perth. Is that not right?

Mr Maskell-Knight—The reason for the decision not to include WA in the process was because we found an extra eligible machine between when the Blandford review reported and when the tender process started.

Senator CHRIS EVANS—Yes, but that machine was in Perth, was it not?

Mr Maskell-Knight—That is correct, Senator. But, in terms of per capita utilisation rates, it meant that—

Senator CHRIS EVANS—So the only assessment you do is on the basis of per capita usage rates? As I recall, in the deep, dark past, when we first went down the MRI road, it was because we wanted to meet the needs of rural and regional Australia, and there was an identified shortage in rural and regional Australia. A lot of water has gone under the bridge since then, but that was the original justification, as I recall. I am raising that issue with you again, but that is where we started four years ago or so?

Mr Maskell-Knight—It is true that the monitoring and evaluation group, which provides advice to the government about where areas of need are, tries to identify geographic areas where there is an undersupply of services. It considered the issue of south-west Australia having regard to the fact that there was a reasonable supply of units in Perth. That is one of the considerations they had in their minds at that time. The monitoring and evaluation group

is continuing to review areas of need, and it will again be looking at the issue of the south-west of WA.

Senator CHRIS EVANS—And what processes are there in place for the next review or the next assessment of such needs?

Mr Maskell-Knight—The next MRI monitoring and evaluation group meeting is on 22 March, and it will have on its agenda the next round of identifying areas of need.

Senator CHRIS EVANS—What is the timetable for that? You say it is on their agenda. Is there some instruction that they shall annually make a report or what?

Mr Maskell-Knight—There is no formal structure. The last time the committee met, late last year, it set out the kinds of data requirements it would like to have a look at in this meeting in March. It would be foolish of me to speculate what the outcome would be, but I expect that the meeting in March will come up with recommendations to put to the minister about which areas the government should consider providing additional services in.

Senator CHRIS EVANS—Is there a government policy now in terms of new MRI machines?

Mr Maskell-Knight—I think the policy is to put them in areas of need, Senator. I do not think they would put it any more highly than that.

Senator CHRIS EVANS—So there are no guidelines or an annual review? I am just trying to understand the process. Obviously, I, like other members of parliament—I am sure Senator Knowles has been approached on the issue of the Bunbury MRI—get approaches about these issues, apart from our lifelong interest in the subject of MRIs, of course.

Senator Patterson—Senator Knowles has expressed her lifelong interest in them, I can assure you.

Senator CHRIS EVANS—I am sure she would have. Part of the concern is the fact that the process, last time, instead of producing seven produced six ,and there are concerns about where they went, about the transparency of the process and about understanding what the criteria are. I am trying to understand, and get on the public record, what the process is for the future concerning decisions about medical rebate for MRI machines.

Mr Maskell-Knight—There are possibly two elements: there is the process about the areas and the process about selecting the machines. In terms of the process for selecting the machines, we have now had experience with a tender process and we believe that produced some good results for the Commonwealth and for consumers. We expect that we will go that way again. In terms of the process for selecting areas of need, the government has asked the monitoring and evaluation group to provide ongoing advice on utilisation trends and on areas of possible shortage.

CHAIR—How do you come to the utilisation trends if an area does not have the machine and those people from that area are being taken into another area where there are, say, six machines within a five kilometre radius? We cannot then decide that area of need, can we?

Mr Maskell-Knight—We are able to identify where people come from and where they go to. For example, we can identify where the people living in the south of Western Australia go—which is not particularly difficult surprisingly enough. In other areas, for example, in the Northern Rivers area of New South Wales we can find people going to Queensland and we can find people going further south in New South Wales. So we can measure the actual utilisation of a particular population, even if they are getting their services met elsewhere.

Then we can compare that actual utilisation with what the expected utilisation would be for the average of the population.

Senator HERRON—Would it be correct to say that the original decision to extend MRI from the teaching hospitals was based not only on regional and rural areas but also on unmet need in metropolitan areas as well?

Mr Maskell-Knight—That is correct, Senator.

Senator CHRIS EVANS—My interest is in trying to get the process clear. One of the issues that has been raised with me, and I am sure with other senators, by both Fremantle Hospital and the Princess Margaret Hospital in Perth—basically is the constituency issue for us—is that, despite what you say about per capita usage et cetera, there are serious health issues involved in transferring quite ill young children from PMH to other sites to use MRI machines. They say they have a special need, and you would have heard Princess Margaret Hospital's arguments for this. I am not going to repeat them all now but that is one of the elements involved. Fremantle has an argument about servicing the southern regions of Western Australia. They are an accident, emergency and teaching hospital. They are a major hospital and their arguments go to issues other than per capita. As I understand it, you are right to say that Western Australia, on a per capita basis, has a higher usage rate with the current machines.

I am trying to work out how we resolve other conflicting arguments or issues, and particularly when the people from PMH make the point that it is very much a health issue in terms of transporting the children to an alternative machine. The machine may only be a couple of kilometres away but the doctors argue the health issues quite strongly. How does that get taken into account when you make these decisions or are you purely looking at the per capita and that is it?

Mr Maskell-Knight—I think the issue of children's hospitals is an interesting one. There is nothing to stop the Western Australian government putting a machine into Princess Margaret. They do not need federal government approval. What they need federal government approval for, what we can do for them, is the Medicare approval so they can charge Medicare. Under the agreements we have with the states, in-hospital MRI services for public patients are not to be billed to Medicare. If the argument is that these children are so sick they cannot easily be moved, it suggests to me they are probably admitted and as admitted patients in a public hospital they should not be charged to Medicare anyway.

Senator CHRIS EVANS—That is right, but you also know the rest of the argument, which goes to the states providing the cost of the machine—which goes to the question of them meeting the balance between Medicare rebated patients and inhospital patients—and making the economics of the whole thing work. You would accept that it is a bit more complicated than that. I know they argue their extreme; I think you just argued the other extreme. I would rather we had a fairer debate about this and worked out what is good public policy about the allocation of rebates for MRI machines. Part of that is an understanding of what process is going to occur. Quite frankly, at the moment, I am still a little dissatisfied that there is going to be an appropriate, transparent and accessible process for people.

Mr Maskell-Knight—I am sure you are right; I put one end of the argument around Princess Margaret and you are putting the other end. The truth probably lies somewhere in the middle. In terms of the process, there is not a lot more I can add. By any standards, there is an adequate supply of machines across the Perth metropolitan area. If the Western Australian

government wishes to move a machine from one of its other hospitals to put into Princess Margaret, we would not stop it. If it was moved there, presumably they would be able to treat ambulatory adults from elsewhere. I must admit I know a lot about the Princess Margaret but I was not aware of anything particular about the Fremantle one.

Senator CHRIS EVANS—I think they built the room and prepared it for the machine about two years ago, and they have been waiting ever since. They have employed the consultant and have been all set to go—all dressed up and nowhere to go—and the state government's response, of course, was, 'We'll only buy the machine if we're going to get the rebate for those outpatients who go through.' So, in a way, there is a Mexican stand-off. You offered hope—to those who want one, feel they need one and have a case for one—that there is a new process coming up.

Mr Maskell-Knight—There certainly is an ongoing process with the monitoring and evaluation group reviewing utilisation in areas of need. It is probably fair to say that it would be difficult to establish a case that metropolitan Perth was such an area.

CHAIR—Maybe Bunbury imaging the south is a different case!

Senator CHRIS EVANS—I think you will hear a bit from both sides of politics about that in the next few months. We were there, and it will be continued.

Senator WEST—I will go back to the PET scanners, which we started off with in the overview. I was informed that, before the announcement, there were two PET scanners in existence. One was at Royal Prince Alfred and one was at the Austin. Royal Prince Alfred was successful; the Austin was not. Does the department believe this is a good outcome—that a major teaching hospital that had a PET scanner operating now can no longer attract the necessary finances to treat patients with it or investigate with it?

Mr Maskell-Knight—I might go back a step to look at the framework within which that decision was made. The Commonwealth was trying to identify six sites to which it would pay benefits for PET, and it decided the best way of doing that was through a tender process. The Austin took its chance in that tender process, and it was not successful.

Senator WEST—What is the basis for thinking this was a good outcome?

Mr Maskell-Knight—The tender process was intended to deliver to the Commonwealth six sites providing PET services. The criteria for selecting the sites included the capital cost to the Commonwealth, as well as things like patient affordability, expertise and opening hours, as well as several other minor criteria. But, at the end of the day, the selection criteria were set out in the tender in order of importance, and it was quite clear that the amount of capital sought was one of the most important ones.

Senator WEST—Do you believe there are any negative consequences as a result of this decision?

Mr Maskell-Knight—I do not believe there are at the end of the day. Patients are going to get access to six PET sites. The Commonwealth will receive the data it needs from those sites to make decisions in the future about how PET services should be funded and how effective they are for particular things.

Senator WEST—Minister, do you have any thoughts about this? Is it a good decision and a good outcome? You made the announcement. It is in your state: the PET site at Austin.

Senator Patterson—Dr Wooldridge made that announcement.

Senator WEST—I have a press release put out by you on 14 December when you announced that the Peter MacCallum Cancer Institute—

Senator Patterson—I know it is the Peter MacCallum; I opened the combined PET-CAT scan facility. I stand to be corrected, but I think the Austin announcement was made by Minister Wooldridge.

Senator WEST—Yes, sorry, it was made by Minister Wooldridge.

Senator Patterson—Thank you.

Senator WEST—Do you see any negative consequences as a result of this decision?

Senator Patterson—The decision has been made in an independent way as possible. I am monitoring the future roll out, but it is a decision that has been made at arm's length from me.

Senator WEST—Does the department feel that the Austin was a premier PET facility in Australia?

Mr Maskell-Knight—That is a very difficult judgment for people like me to make. It goes to a whole range of issues. Certainly it was one of the two facilities that the Commonwealth had originally funded. Since that time a number of other facilities have been established—some private and some public—without Commonwealth funding. I think that the people at the Peter Mac, for example—it was established through state government funding and, as I understand, private contributions—would argue that they had a very good track record in the provision of PET services.

Senator WEST—Is it true that the operators of the new PET facilities are actually sending their staff to the Austin for training?

Mr Maskell-Knight—I am not aware of that. In the tender documentation it is certainly true that a number of people who were establishing other facilities had been trained at the Austin. Some of them had been trained at the Peter Mac and some of them had been trained in facilities overseas.

Senator WEST—Do you think you can undertake to identify the numbers that have been trained at the Austin?

Mr Maskell-Knight—We could review the tender documentation and let you know who, as identified in the tenders, had been trained where, yes.

Senator WEST—So you are not following up the processes of how this roll out is taking place?

Mr Maskell-Knight—I am not sure what you mean by that, Senator.

Senator WEST—We have a roll out of six federally funded PET services and one of the two that had previously been federally funded is now no longer funded, but you cannot tell me how many of the new facilities are actually using the Austin's PET facility to undertake the training for the new operators?

Mr Maskell-Knight—One of the conditions of the tender documentation was that tenderers had to be able to point to staff that were trained and accredited by ANZAPNM, the Australia and New Zealand Association of Physicians in Nuclear Medicine, but the point was that the tenderers had to be able to point to staff that they had access to who were already fully trained and accredited.

Senator WEST—Can you outline the reasons why the Austin did not make the list.

Mr Maskell-Knight—I am happy to do that, but I think it would be best done in camera or in a confidential briefing.

Senator WEST—We do not do in camera in estimates.

Senator Patterson—Senator, I am happy to give you a briefing. I have actually written to some people about that when they have asked for information. I think it would be appropriate, if it is okay with you, to give you a briefing on that.

CHAIR—Maybe we could arrange for the committee to have a briefing in a sitting week.

Senator WEST—I will think about that. Did the Austin, at any stage, indicate that it would accept funding without any capital?

Mr Maskell-Knight—The Austin wrote several letters after the tender documentation was submitted. The tender evaluation panel had some queries about their bid. There were several exchanges of correspondence. The tender evaluation panel formed the view, at the end of the day, that the Austin was still seeking capital funding.

Senator WEST—Minister, you are not prepared to table the determination in the Senate, or will you do so in the future?

Mr Maskell-Knight—Which determination?

Senator WEST—The determination on the six sites and why Austin did not get there.

Dr Morauta—Is that the thing that we have offered to brief you about which is the internal part of the tender process in which the different tenders were compared?

Senator WEST—What, within the tender processing, can be made public?

Dr Morauta—The documents that were made public at the beginning of the process which set out the selection criteria—I do not know whether we have those with us now or not. We can give you all of the things that were set out for the different bidders; that is quite clear. What we are concerned about is the comparison of different bidders' bids which are normally regarded as confidential and—

Senator WEST—What parts of it are confidential?

Dr Morauta—That is what we need to take on notice.

Senator WEST—Saying 'Confidential' and bunging it over the whole lot can be one way of avoiding scrutiny, but there might well be pieces that are legitimately confidential. I want to know what bits are confidential and why; and I want to know what can be released on the public record.

Ms Halton—I think it would be not unreasonable for us to consider your question—which we will do in detail—but I think you would appreciate that, if any material is to be released to the committee, the people who actually have ownership of that material might wish to be consulted or at least be informed that there was an intention to release material. So we will take that on notice. We will certainly look at it and we will come back to you.

Dr Morauta—However, we can table now the request for tender document, which is the document that was in the public domain.

Senator WEST—Thank you. Is there any consideration being given to reviewing the decision to defund Austin?

Mr Maskell-Knight—No.

Dr Morauta—No.

Senator WEST—I am sure we will be hearing more about that. Thank you.

Dr Morauta—Madam Chair, we have a couple of follow-up answers for outcome 2. Would it be appropriate for us to give those now?

CHAIR—Yes.

Dr Morauta—They both related to questions from Senator Crowley. The first question was, 'What was the government's election commitment with respect to what is called the PHI clawback?' and I read:

Under a coalition government, the Australian health care agreements would not contain any penalty clause should private health insurance membership reach certain levels.

That comes under a heading which is about the new Australian health care agreements and it is part of the coalition election policy. The other question was about the mysterious Dr Freeman. It actually gets a little murkier rather than clearer because the advice I have is that Dr Freeman did not practise out of any particular location but treated people in their homes, primarily in the eastern states of Queensland, New South Wales and Victoria. So he was a very roving doctor. That is the information we have to hand at the moment.

Senator CROWLEY—Eastern states—Queensland, New South Wales and Victoria?

Dr Morauta—Yes.

Ms Halton—We suspect he is well travelled.

Senator CROWLEY—Thank you for that. I think it actually allows me to then ask if you can provide me with some further breakdown of the $52,000 further to Senator Gibbs's question: how much of this was a payment to the doctor and how much of it was travel costs? If he was roving from Queensland to Victoria he was embarrassing Ned Kelly.

Dr Morauta—We will look for further information on Dr Freeman.

Senator CROWLEY—Thank you, and if you could also—

Senator CHRIS EVANS—Ask Dr Freeman to dinner.

Senator GIBBS—Certainly not one of your better paid doctors.

Senator CHRIS EVANS—I wonder if he had trouble finding the job; that is what it sounds like.

Senator CROWLEY—I will not even ask how long he was on the job or how many hours he did or anything of that sort.

Senator CHRIS EVANS—He worked for nothing and he was on the road the whole time.

Senator WEST—That is not the typical income of most doctors that we are aware of.

Senator CHRIS EVANS—No, let's not go there.

Senator CROWLEY—The letters to the health care agreements are not to include the default clause for numbers on private health insurance.

Dr Morauta—Very specifically, under a coalition government the Australian health care agreements would not contain any penalty clause should private health insurance membership reach certain levels, and the context of that paragraph is a previous paragraph about the new Australian health care agreements; so it was a forward commitment, Senator.

Senator CROWLEY—I do not want to hold up the Senate at this time, and this may not be the appropriate place, but I understand the current figures are included and are on the public record—I actually do not think I can lay my hands on them—about the estimate of government increases. I think it was possibly in response to our public health inquiry. The figures show that the government has actually factored in money forgone from not clawing back from the states and called that a contribution to the states and the health care agreements, in that the states are not being required to pay back a certain amount. That raises concerns for me. Are those figures around $80 million?

Dr Morauta—No, they are much bigger than that.

Mr Maskell-Knight—Roughly speaking, the way the formula underpinning the agreements worked provided that a one percentage point increase in private health insurance meant $82 million less funding between the states and a one percentage point decrease meant $82 million more. Given that the participation rate has gone up some 15 per cent or something, the cumulative effect is almost $1 billion per year in additional grants the states are receiving compared with the agreements as they were originally drafted.

Senator CROWLEY—They are not receiving any extra money, are they? They not just losing any. I think this is an interesting case of pluses and minuses, but the real question of course is that that figure, as I understand it, is based on the expectation that an increase in private health insurance would lead to a reduction in demand of public hospital services.

Mr Maskell-Knight—That is what the states agreed to, yes.

Senator CROWLEY—Can you provide any data that shows there has been a reduction in services through the public hospital system?

Mr Maskell-Knight—There is a difference between services and demand for services. As long as there were beds there, I think in the foreseeable future they will always be full. What we cannot measure is the underlying demand, which is how long the waiting lists might be for people that want to go to a public hospital and cannot. So I cannot provide you with evidence saying there are now fewer public hospital episodes than there were 12 months ago. If I had some sort of omnipotent insight into people's minds and conditions across Australia, I might be able to say that fewer of them would like to go to a public hospital than there were 12 months ago.

Senator CROWLEY—I do not actually demand omnipotence—

Mr Maskell-Knight—That is a relief.

Senator CROWLEY—But, if you aim for it, that is fantastic. What data can you provide about the impact of private health insurance increases on our public hospitals?

Mr Maskell-Knight—As I said, Senator, we cannot point to reductions in demand in terms of people going through the doors because the public hospitals are still there, they still have as many beds as they have ever had and people are still going through the doors to fill those beds.

Senator Patterson—With all due respect, Senator Crowley, I am not sure that the states would have agreed to give up that amount of money with an increase if they had not had good estimates of the effect of an increase in private health insurance on the load on public hospitals. I think that is an indicator of what the states think the effect is.

Senator CROWLEY—I thank you for that contribution.

Mr Maskell-Knight—What we can point to is the increase in privately insured hospital episodes. Our colleagues from outcome 8, which is private health insurance, will be able to give you details around that and we can point to the increase in hospital medical benefits since the private health insurance participation has gone up. It is certainly clear that there are many more people being treated as privately insured patients.

Senator CROWLEY—I would appreciate both of those figures, thank you. In response to your comments, Minister, this agreement between the states and the Commonwealth was probably a very reasonable agreement back then. In the light of not being able to provide any evidence of reduced demand—presumably one factor is that the demand is large—there is, to this point, little evidence that there has been a reduction in demand on our public hospitals. It may be that your decision not to put a penalty into the future agreement actually recognises changed status.

Senator Patterson—Conversely, you could say: what would it have been like had private health insurance not gone up? That is one point of the argument. The other point of the argument is: could we estimate what the demand on public hospitals would have been had private health insurance not gone up? That is another way of looking at the same issue but from a different point of view. I know the position you have held for a long while—you have said it over and over in the Senate and defended your government's policies when you were in government—is that when health insurance was going down it was not putting any load on public health. But I have to say that your question is hypothetical and my response to you is hypothetical. You do not know what would have happened had private health insurance kept going down as it was.

Senator CHRIS EVANS—The reason we have followed this for some time at estimates hearings is that your predecessor and the government used as the argument for the subsidies to private health insurance the fact that they would reduce demand on and take the pressure off public hospitals. It is obvious that we would ask for evidence of what the impact of the rebate and lifetime cover, et cetera, has been on public hospital demand. The fact that we seem so ill-informed about it means that it is very hard for people to draw strong conclusions. It seems to be a very relevant public policy issue because it was clearly a major plank in why the government said it was doing what it was doing. It would be interesting if we could actually tie down some of these things to see what the effects were, but we have gone round and round this before without much luck on the evidence side of things.

Mr Maskell-Knight—For the benefit of senators, I do have some numbers on private patient hospital episodes for 2000-01 relative to the previous year. There were about 1.8 million for 2000-01, which is 230,000 more episodes than the previous year. The Medicare benefit costs associated with those episodes were estimated at about $115 million. For the first six months of 2001-02 there are about 1.1 million private hospital episodes, which is an increase of about 300,000 on the same period in 1998-99 before any of the 30 per cent rebate and lifetime health cover changes came in. I suppose we would argue that clearly those episodes have come from somewhere. The only logical assumption you can make is that they are people who previously would have gone to a public hospital.

Senator CHRIS EVANS—You are accusing Mr Schneider, then, of being illogical—and I would not stand for that. He argues that, because more people have taken out private health insurance, they are now accessing treatments and episodes far more often than they would have otherwise and that there is actually an increase in total demand. Is that not part of his argument?

Senator HERRON—Mr Maskell-Knight, is it not fair to say that, with an increase in the population and two-thirds of the health care dollars being spent in public or private hospitals on people over the age of 65, you would expect an increasing demand on both sectors and therefore you cannot say logically that an increase or a decrease in public hospital access can be attributed to one factor or another? It is multifactorial, surely.

Mr Maskell-Knight—I am sure that is correct, Senator. Can I just point to another interpretation of Russell Schneider's comments on the fact that now that these people are privately insured they are utilising services they would not have utilised before. I think another way of looking at it is that they are now able to access services much more readily and much earlier than they would have been able to utilise than before.

Senator CHRIS EVANS—That is possibly one subset of it. The question is whether or not they actually also bring forward electives or whatever. I find myself agreeing with John Herron and Russell Schneider today!

Senator WEST—I would not worry about that.

Senator HERRON—I might convert you one day.

CHAIR—Are there further questions on outcome 3?

Senator WEST—Yes. Could I just go back to the PET scans. Will the new funding round require a determination or a regulation to be tabled in the Senate?

Mr Maskell-Knight—I understand that it requires a determination under section 3C of the Health Insurance Act to be tabled.

Senator WEST—And when is that going to be tabled?

Mr Maskell-Knight—I would have to take advice on that, Senator.

Dr Morauta—And on the form of that. We are not completely clear about that, Senator. We will get that information to you.

Senator WEST—Is that the mechanism by which the funding actually flows to these centres?

Dr Morauta—We are just getting some legal person to provide advice to you, Senator.

Mr Keith—I am advised that it was tabled before the tender process and that an amendment will go through to include additional items.

Senator WEST—What are the additional items?

Mr Keith—These are additional applications for the machine. The initial tender went on the basis that there were about 10 applications, and I think there have been additions to that number.

Senator CHRIS EVANS—Applications to operate or applications for the machines?

Senator WEST—For funding.

Mr Keith—Clinical indications—sorry.

Dr Morauta—I am advised that the—

Senator CHRIS EVANS—So are we talking about the tender process or the applications?

Senator WEST—I though we had suddenly discovered about five or six new PETs.

Dr Morauta—The 3C determination does not identify the sites. It identifies the eligibility agreement arrangements.

Senator CHRIS EVANS—So it is basically the mechanism for the authority to pay?

Dr Morauta—Yes.

Senator WEST—And that has not been tabled?

Dr Morauta—We are just checking whether it has actually been tabled. The legal people are checking that now.

Senator WEST—That raises the question that, if it has not been tabled, how can the roll-out happen? Do you have a roll-out happening when no determination has been tabled?

Mr Keith—It has been tabled.

Senator WEST—But you said there was going to be an amendment.

Mr Keith—There is a replacement going in for that one that has been tabled. It is identical with seven new items, which are the new clinical indications.

Senator WEST—And were these clinical indications in the initial request for tender documents?

Mr Keith—No, it is just an extension of what PET can be used for as a diagnostic tool.

Senator WEST—But they were not in the original request for tender documents? Were the original 10 in the request for tender documents?

Mr Keith—Yes.

Senator WEST—The seven new ones were not?

Mr Keith—No.

Senator WEST—When were the seven new ones agreed upon?

Mr Keith—The Medical Services Advisory Council provided advice to the minister, seeking to extend the number of applications that PET could be used for.

Senator WEST—When was that?

Mr Keith—I do not have the date now. I can get that on notice.

Senator WEST—I want to know when that decision was made, in relation to when the request for tender document was released, and when the—

Senator CHRIS EVANS—Can I go back a step, just so I understand. This is effectively saying that, in addition to giving you authority to pay Medicare rebates for these applications of the machine, there is an additional set of applications of the machine where Medicare rebates will be able to be used?

Mr Keith—Yes.

Senator CHRIS EVANS—Is that a type of patient, or a type of disease, or is it a—

Mr Keith—A type of disease.

Senator CHRIS EVANS—So, for the layperson, if you had cancer and tuberculosis on the list, and you have added something else, is that the sort of—

Senator WEST—You would probably add a different type of cancer.

Mr Keith—An indication for cancer. What happened originally is that an application was made to the Medical Services Advisory Council for PET to be used for certain indications. It went through that process. Because it was a long process, the number of applications was split into an initial number and a subsequent number. MSAC made recommendations on the initial number and then continued to review the others. This was so that there could be a roll-out of PET without waiting until all these new applications were done.

Senator WEST—Might the fact that some of the ground criteria upon which people were making their applications seem to have changed over the application period—

Mr Keith—I do not believe that to be true. Their throughput remains the same; it is just that it broadens the applications for which they can be used.

Senator WEST—Might that not have led to a situation where after somebody had put in a tender—or maybe now that the seven have been identified—you have extended from 10 to 17 the number of criteria and applications that it can be applied to and that extension might have impacted upon some organisation's initial application?

Mr Keith—I do not believe so.

Mr Maskell-Knight—No.

Senator WEST—Why not?

Mr Maskell-Knight—Because the original selection criteria were based around capital cost, patient affordability, expertise of the providers, opening hours, and the volume of scans. The volume of scans was the last selection criteria—it was right down, very low.

Senator WEST—Do you not think that expertise, opening hours and quality of scans might have been impacted upon by the extension from 10 to 17?

Mr Maskell-Knight—No, I do not. Expertise is measured in terms of ANZAPNM accreditation, and that essentially goes to how good you are at reading the scan. It does not matter what you are reading the scan for, in a sense. It goes to technical proficiency.

Mr Keith—Can I also add that these were indications which were likely to have a small impact on the number of scans anyway. They were for indications where the numbers were not very high. But the industry was concerned that they be able to confirm whether they could identify those, and that changed treatment in a beneficial way.

Senator WEST—If you were one of the small number of patients, you would be pretty interested in all of this. What is the number of the determination which you say has been tabled? When was it tabled?

Mr Maskell-Knight—It is health insurance determination HS/2/01, dated 21 June 2001 and signed by Minister Wooldridge.

CHAIR—Are there any further questions on outcome 2?

Mr Maskell-Knight—Before we leave outcome 2, may I prolong the agony a moment longer? When we were talking about exceptional circumstances—drought assistance to WA and Queensland, which is the measure on page 41, we originally said this was only Pharmaceutical Benefits Scheme spending and then we said we were not sure. I would just like to confirm that we were correct: it is only Pharmaceutical Benefits Scheme.

[3.31 p.m.]

CHAIR—We will move on to outcome 4, Quality health care.

Dr Morauta—We had some outstanding questions that senators have already raised which we have now got marshalled to answer at the beginning of outcome 4, so perhaps we could start with those. The first question that was asked was about the coordinated care trials and the second round of the trials. I think the question that was asked was, 'Where is this second round—has anything happened?' Perhaps Mr Stuart could answer that.

Mr Stuart—The second round of coordinated care trials is under negotiation with a range of trial proponents. As you might be aware, coordinated care trials are rather large and complex undertakings which need to be negotiated with a number of parties. We are still working through that round so there are no contracts, as yet, for coordinated care trials.

Dr Morauta—The second issue that was raised was about the timing of a grant and contract to ACRRM for provision of CME. Mr Stuart will answer that question.

Mr Stuart—An amount of $5.6 million over three years has been set aside as a grant for ACRRM for development and implementation of a professional development program for GPs to maintain vocational recognition. No contract has yet been signed with ACRRM. We are still negotiating with ACRRM to obtain a satisfactory proposal.

Senator CHRIS EVANS—What program is that under, Mr Stuart?

Mr Stuart—This is under outcome 4.

Senator CHRIS EVANS—I know, but where do I find the funding of $5.6 million?

Mr Stuart—This was an internal budget allocation from Bill 1 money for outcome 4—essentially out of program GP funds.

Senator CHRIS EVANS—Were there additional funds—additional supplementation—required to implement this decision?

Mr Stuart—No, there is not.

Senator CHRIS EVANS—You have told me the bill et cetera, but this grant, as I understand, was not envisaged when the budget was first formulated. Is that right?

Mr Stuart—This is just a reprioritisation within the GP program.

Senator CHRIS EVANS—What has it reprioritised?

Mr Stuart—I do not think it is possible to say. There is an amount of funding for GP programs, which can be used to meet GP policy objectives. This has been decided as an objective for funding within that budget.

Senator CHRIS EVANS—When was it decided that that was a priority?

Mr Stuart—The minute was approved by the minister on 8 October 2001.

Senator CHRIS EVANS—That was a busy day all round.

Mr Stuart—In the morning.

Senator WEST—What time in the morning?

Mr Stuart—I am sorry; I am not aware of what time in the morning the minister made the decision.

Senator CHRIS EVANS—You have an authorisation note—I do not want to put words in your mouth. Your evidence earlier was that you have not signed the contract.

Mr Stuart—No, that is right. What occurred on the morning of 8 October was the minister's policy approval.

Senator CHRIS EVANS—Did he approve $5.6 million to go to the Australian College of Rural and Remote Medicine? Is that correct?

Mr Stuart—That is correct.

Senator CHRIS EVANS—But at this stage, you have not actually agreed a contract with them?

Mr Stuart—That is correct.

Senator CHRIS EVANS—Do you know what you are contracting for?

Mr Stuart—We are contracting for ACRRM to develop and implement a professional development program for GPs. The funding is available over a three-year period. This is to enable GPs to maintain their vocational recognition.

Senator CHRIS EVANS—Did this proposition come from the Australian college in the first place?

Mr Stuart—I believe it was a proposal put forward by ACRRM.

Senator CHRIS EVANS—When was that put to the government?

Mr Stuart—I am sorry, I am not aware of the date. We will see if we can get that for you.

Senator CHRIS EVANS—If you can get the date for us today, that would be appreciated.

Mr Stuart—My understanding is that it was some months before, but we will search the file.

Senator CHRIS EVANS—So ACRRM put a proposition that they ought to be funded to do some GP training to the government. Was there a tender process at all, or were there other propositions considered as part of this process?

Mr Stuart—No. This is not part of a tender process; this is a ministerial policy decision.

Senator CHRIS EVANS—Were there competing propositions? Obviously, the minister determined that this was an important public policy role. Were there other organisations invited to express interest? Did other organisations submit propositions? Was this one of a number of competing propositions for this particular role, or was this the only one?

Mr Stuart—I am not sure of the direct relevance of that question. In the GP area, there are a number of organisations with specific roles. ACRRM is moving itself towards being able to offer professional development for GPs in rural areas. The department funds other organisations from time to time because of their particular roles in the GP training area.

Senator CHRIS EVANS—Usually there is a process or a department of identified priorities, or you call for expressions of interest. There is a development behind these things, and I am just trying to understand the development behind this. Did the minister just wake up on 8 October and say, 'Yes, I want to do this', or did you put a recommendation to him? Were other people consulted? I am just trying to get a feel for what happened before the minister signed off on $5.6 million for a contract that is still not yet negotiated.

Mr Stuart—This is part of a movement towards greater focus on training of general practitioners in rural areas for practice in rural areas. The other expression of that would be

the GPEP arrangements with the regional training consortia. I see it as being a policy decision which is consistent with that general approach.

Senator CHRIS EVANS—You are not able to help me about whether there were any other expressions of interest, whether any were called for or what the policy process leading up to this was, other than that it fits within a broad view that we would rather GPs were better trained—is that right, or was there some other?

Dr Morauta—We have a piece of advice here that this arrangement follows from an earlier contract to develop professional skills for GPs. But I think what we would like to do is to take the sequence of events leading up to this decision by the minister and provide you with advice later today.

Senator WEST—Can I ask who made the approach to whom—did ACRRM make the approach? Because it is beginning to smell a bit like the men's health program before the last election.

Senator HERRON—Would it be fair to say that for a long time ACRRM has promoted the view that the quality of training provided by ACRRM would be superior to the Royal Australasian College of General Practitioners in relation to rural and remote medicine and that this campaign had been promoted by ACRRM for many years and ultimately a decision was made to accede to that promotion? What I am getting at is that I am confident that the minister did not just wake up one morning and say that this is what should be done. To my knowledge, this campaign has been promoted since the formation of ACRRM, which is some years old.

Dr Morauta—We just need to go back through the sequence of events for you and bring it to the table later tonight.

Senator WEST—It is the process that we are asking for.

Senator CHRIS EVANS—It was very busy on 8 October, but anyway! Senator Herron raises a good point, though. Please correct me if I am wrong, but haven't we previously funded the royal college of GPs to provide these services, and are you continuing to fund them?

Mr Stuart—I am advised that we do not specifically fund the RACGP for continuing medical education. We have funded them in the past for vocational registration.

Senator CHRIS EVANS—When did those contracts cease?

Dr Morauta—We still have some contracts with the college now via GPET in a transition period for vocational registration, but GPET carries the weight of the vocational registration load now.

Senator CHRIS EVANS—Dr Morauta, would you take on notice for me to provide a list of all contracts that you currently hold with the Australian College of Rural and Remote Medicine and with the royal college of GPs, and any other contracts that they have held in the last two or three years?

Dr Morauta—Yes, that is fine. We can do that.

Senator CHRIS EVANS—In doing that, could you give us a brief description of what they are contracted for—I don't mean pages, but—

Dr Morauta—Can we fix the years—three years, or two years?

Senator CHRIS EVANS—Three years—just so that I get a feel for what they are contracted for. When will the contract and the description of the services you are contracting be finalised?

Mr Stuart—That is really subject to receiving a satisfactory proposal. I would be speculating on what the timing of that is, but we are working to soon, for this financial year.

Senator CHRIS EVANS—Is it usual for a minister to sign off on an agreement to a contract when you do not have a satisfactory proposal?

Mr Stuart—It is usual for ministers to agree to a policy proposition, which is an approval in-principle which would be subject to a satisfactory negotiation of the terms of a contract by the department.

Senator CHRIS EVANS—So you do not have a satisfactory proposition, but you know it is $5.6 million, not $5.5 million, and you have signed off to the $5.6 million?

Mr Stuart—In budgetary processes it is usual to set aside a specific amount for a purpose.

Senator CHRIS EVANS—Yes, but if I do that, I say $5 million or $10 million. With $5.6 million, it seems to me that someone had a bit of a go at what they were paying for. You are telling me now you haven't got a satisfactory proposal for this contract, yet you have agreed to pay somebody $5.6 million and you are going to talk about what it is for.

Dr Morauta—I think there has been policy approval for that but there has been no agreement yet to pay it to the college because we have not got a contract with them to do it. When Mr Stuart is talking about a proposal coming from the college, he is talking about a detailed proposal of the type on which you would base a contract, the schedule at the back of a contract.

Senator CHRIS EVANS—Or you would work out whether it was $5.6 million or $5.7 million. It just seems odd to me that you can specify the amount but you do not know what you are buying, other than in general terms. No wonder people like doing business with the government.

Ms Halton—Senator, I think—if I understand correctly from Mr Stuart—that might be the upper limit. You are quite right; we have to be able to negotiate and agree a contract which is acceptable to the Commonwealth but also to the organisation. Now to the extent that we might be able to negotiate something cheaper, that would be desirable, but I think it is not a precise amount but an upper limit. Is that right, Mr Stuart?

Mr Stuart—That is my understanding of it.

Senator CHRIS EVANS—Is there any time frame for these negotiations, Mr Stuart?

Mr Stuart—The time frame is for commencement this year.

Senator CHRIS EVANS—Is that calendar year or financial year?

Mr Stuart—This financial year.

Senator CHRIS EVANS—Time is ticking. So they are going to commence the training this year but you haven't actually been able to negotiate the contract yet. When are you due to pay them the money?

Mr Stuart—Senator, I just need to correct that impression. The contract is not for beginning training. The contract is for the development initially of the program and subsequently for its implementation. So there is a development phase that we are funding.

Senator CHRIS EVANS—So you are funding their development of a program and then you are going to fund them to implement it as well.

Mr Stuart—Yes.

Senator CHRIS EVANS—Is the $5.6 million upper limit, as Ms Halton describes it, for both processes or only for the development?

Mr Stuart—It is the upper limit for both.

Senator CHRIS EVANS—So there is no commitment to ACCRM beyond the $5.6 million.

Mr Stuart—Not for this project, no.

Senator CHRIS EVANS—While we are on those matters, can I go back to the other issue, which I asked incorrectly about in the overview, which was the GP House proposition. Could someone take me through the policy development process that underpins this decision?

Mr Stuart—Yes. My understanding, Senator, is that there had over a period of some years been discussions about the potential benefits of drawing the GP organisations closer together and potentially under one roof.

Senator CHRIS EVANS—Which GP associations were those, Mr Stuart?

Dr Morauta—It would be the RACGP, the Divisions of General Practice, and the Rural Doctors Association of Australia. Those are the three GPMOU signatories but there could be others as well.

Senator CHRIS EVANS—Sorry, Dr Morauta, I think you lost me there with the terminology.

Dr Morauta—The three signatories to the general practice memorandum of understanding were the Royal Australian College of General Practitioners, the Australian Divisions of General Practice—that is another lot—and then another lot, which is the Rural Doctors Association of Australia. I think they were the three groups that were particularly thought of for this business of bringing them together, but there are other general practice groups that could have been added to it.

So there has been a long-running discussion about, 'Wouldn't it be better if they were all under one roof somewhere so that they could share facilities and ideas and collaborate?' That is what Mr Stuart is referring to.

Mr Stuart—That is right.

Senator CHRIS EVANS—Is that your idea—as in the government's—or their idea?

Mr Stuart—There had been long discussions between GP organisations, and between GP organisations and the government. I am informed that the former minister gave a speech as early as 6 December 2000 where he floated the potential benefits of establishing a GP precinct in which GP organisations would be gathered together to promote greater cohesion in the industry.

Senator CHRIS EVANS—So this idea had been floating around for a while. What happened next?

Mr Stuart—The next concrete move in the context of those ongoing discussions was that Dr Hemming, the president of the RACGP, wrote to the minister on 6 September 2001 to propose a framework for making this happen.

Senator CHRIS EVANS—What did Dr Hemming propose?

Mr Stuart—He proposed quite a concrete framework at that time for bringing together in one building in Canberra a number of GP organisations, including how it might be financed.

Senator CHRIS EVANS—Are you able to make that letter available to the committee?

Mr Stuart—I do not think I have a suitable copy with me, but we could take that on notice.

Senator CHRIS EVANS—I would appreciate that. What happened after Dr Hemming wrote to the minister on 6 September?

Mr Stuart—Two things happened in parallel: the department engaged in discussions with the RACGP about the details of the proposal and the department also provided advice to the minister. Subsequently, Dr Wooldrige gave policy approval, on 27 September, for a grant of $5 million to achieve the co-location in GP House. The minister wrote to Paul Hemming on the same day and the following day the contract that had been under preparation between the department and the RACGP was signed.

Senator CHRIS EVANS—Let me get this clear: the minister gave in-principle agreement to a $5 million grant on 27 September and the contract was signed the very next day.

Mr Stuart—That is correct. As I said, those processes were conducted in parallel.

Senator CHRIS EVANS—What do you mean by 'in parallel' processes? You make it sound as if the minister was doing one thing and you were doing another.

Mr Stuart—No, not at all. The department was doing two things during the same period. The department was discussing and negotiating with the RACGP about the terms of a possible contract and advising the minister such that when the minister made a decision on 27 September the position had been negotiated sufficiently with the RACGP and the contract that had been prepared was then able to be signed.

Senator CHRIS EVANS—Are you able to provide us with a copy of the contract?

Ms Halton—Again, we might take that on notice. That document is between us and other people, and I think we should have a conversation with them. Clearly, we are happy to talk to you about the content of that but in terms of actually providing a copy of it, I think we should take that on notice and come back to you very speedily.

Senator CHRIS EVANS—I hope you can take it on notice. I would be disappointed if a contract to expend $5 million of taxpayers' money is not publicly available. I would be surprised if that was the case.

Ms Halton—I am simply making the point that it is a common courtesy to discuss with a party to something that one might be about to provide it to another party. That would be not unreasonable.

Senator CHRIS EVANS—I have been really impressed by the speed with which these things have been concluded so, no doubt, we will have no trouble speedily resolving the provision of the contract.

Ms Halton—I have noted your confidence, Senator.

Senator CHRIS EVANS—Good.

Senator WEST—Like our confidence about questions being answered.

Ms Halton—Indeed, and I have noted that confidence too.

Senator CHRIS EVANS—In this particular contract things do move quickly, so that is good.

Senator WEST—Pity about the questions.

Senator CHRIS EVANS—We have got a contract between the Commonwealth government and the RACGP to do what?

Mr Stuart—The contract is for the RACGP to achieve collocation of at least three GP organisations under one roof.

Senator CHRIS EVANS—Are those GP organisations named?

Mr Stuart—One is named and the others are unnamed.

Senator CHRIS EVANS—Is the one that is named the RACGP?

Mr Stuart—No, it is a condition of the contract that the RACGP and the Australian Divisions of General Practice—that is the federal organisation—are jointly tenanted in GP House and it is a further condition that the RACGP achieves at least one other national organisation to share the space—at least one other.

Senator CHRIS EVANS—One other national GP organisation?

Mr Stuart—Yes. And that organisation needs to be an organisation suitable to the department.

Senator CHRIS EVANS—So we will give them $5 million if the three of them agree to live together? Is that the extent of it or do they have to build the building? What are we buying for them?

Mr Stuart—There are a few more issues. The Commonwealth is buying the rights for the Commonwealth to name the building for at least 10 years from its first occupation.

Senator CHRIS EVANS—I would like to run that competition!

Mr Stuart—At least three organisations must occupy the top floor of this building, which is the space at issue, for at least three years from the date of co-location. The latest date that this can occur is 1 June 2004.

Senator CHRIS EVANS—To go back a step: why do they have to be on the top floor?

Mr Stuart—The contract requires that the top floor of GP House—which is the fourth floor—be completely shared between the GP organisations. There are going to be other tenants in the remaining floors of the building.

Senator CHRIS EVANS—Who owns the building?

Mr Stuart—The building will be owned by a trust in which the RACGP is a major shareholder.

Senator CHRIS EVANS—The Commonwealth has no ownership of the building. Is that right?

Mr Stuart—The Commonwealth is not a property owner or a property developer and does not wish to be.

Senator CHRIS EVANS—We are committing $5 million but the condition is who is in the building. Has the building being selected?

Mr Stuart—The location has been selected. There is not an existing building. A building will be built.

Senator CHRIS EVANS—What is the location?

Dr Morauta—The location is 44 Sydney Avenue, Forrest—block 6, section 29, Forrest.

Senator CHRIS EVANS—Who owns the block?

Mr Stuart—The block is owned by the developer, an organisation called Becton.

Senator CHRIS EVANS—Is this private developer unrelated to any of the other organisations involved, in the sense that Becton is not a trading name for the 'Australian Divisions of General Practice building company'?

Mr Stuart—No, I believe not.

Senator CHRIS EVANS—Becton is just a private developer. Is that right?

Mr Stuart—We are not involved with the developer. We have a contract with the RACGP. The RACGP is responsible for making the building a reality.

Senator CHRIS EVANS—So you are only contracting with the RACGP and not with the other organisations named. Is that correct?

Mr Stuart—That is correct.

Senator CHRIS EVANS—And, as part of the conditions, they have to buy and develop a particular, named block. You will name the building, and they will have to live together with two other named parties on the fourth floor of that building?

Mr Stuart—That is correct.

Senator CHRIS EVANS—Are there any other conditions?

Mr Stuart—They must occupy the top floor for at least three years from co-location, from at least 1 June 2004 or sooner. And for at least five years from the co-location the other remaining space on the top floor must first be offered to other GP organisations.

Senator CHRIS EVANS—The 'other remaining space'?

Mr Stuart—It is possible that there might be, for example, RACGP and the divisions, plus one or two other—or maybe even more—smaller offices for other GP organisations, all on that floor.

Senator CHRIS EVANS—Do I take it from what you are saying that it is the intention to lease out the other floors to other comers? Is that right?

Mr Stuart—That is the business of the building trust. It is not something that we have any relationship to.

Senator CHRIS EVANS—But you are putting in five million bucks. What is the estimated cost of this development?

Mr Stuart—The estimated cost is $10.1 million.

Senator CHRIS EVANS—Is that for house and land? This is sounding very much like a new home owners scheme.

Mr Stuart—All that I am aware of is that the RACGP is contributing $5.1 million of its own resources to this arrangement.

Senator CHRIS EVANS—Could you please take on notice the costings: whether the $10 million-odd you described is the cost of the building plus the purchase of the land or whether they are two separate costs. In any event, you have committed the Commonwealth to $5 million. I noticed in the budget estimates that the $5 million does not show up as a cost item in any of the out years. When will the money be paid, and which year's budget is it appearing in?

Mr Stuart—The item is against this year's budget. The additional estimates shows zeros because there is a reallocation of funds within Health.

Senator CHRIS EVANS—So where have you taken the funds from to pay for this?

Mr Stuart—Bear with me for a moment; I have an answer to that here.

Dr Morauta—The transfers are identified at the top of page 66 in the additional estimates PBS booklet. It reads:

The Commonwealth's contribution to GP House will be funded from a transfer from the Specialist Medical Outreach Service and Asthma Management Programme, where there has been a slower initial uptake of programme services

Senator CHRIS EVANS—So there were funds allocated in this year's budget for the Specialist Medical Outreach Service and the Asthma Management Program, and they have been taken out of there and are to be used for this purchase. Why were those funds not just rolled over within those existing programs? I saw the coordinated care trials, and it is not unusual for you to have slower uptake and then just to roll over. But, as I understand it, the effect of this is that you are actually taking the money out and it is not going back in. Is that right?

Mr Stuart—We can talk about the Specialist Medical Outreach Service a bit more either now or under outcome 5.

Senator CHRIS EVANS—I think we will do it now, if it is all the same with you, Mr Stuart.

Mr Stuart—There has been a slower than originally budgeted roll out of that program due to the time taken to negotiate with a range of parties on what is a fairly complex program, and the minister made a policy decision to reallocate those funds towards achieving the outcome of co-location of GPs.

Dr Morauta—I think there is a difference between a project where something is ongoing and you just start late—in which case the money for the late start does not really get used because the program just starts and carries on at its ongoing number—and something which is a one-off thing. The coordinated care trial was not a one-off, but it lasts two years where you roll it forward because it is actually going to all happen one or two years later.

Senator GIBBS—You say this money has gone from these projects because of the slow intake. What happens if this situation reverses? Will that money be found somewhere to be put back into this program? It states in the PBS that it is where there has been a slower initial uptake of program services. If you suddenly have a reverse situation, will there be money put back in?

Dr Morauta—Once the program starts it will run at its original estimated cost.

Mr Stuart—The program is an ongoing program of a given size. If the start of the program is delayed, we do not therefore make it a bigger program because that would cost us more money in out years.

Senator GIBBS—But you have taken the money out. You took $5 million.

Mr Stuart—Yes, that is right. It was not all out of that program, but some out of that program.

Senator CHRIS EVANS—For each of those programs for which the money has been found, what does that mean for those programs? What did we allocate for the Medical Specialist Outreach Service for the financial year 2001-02?

Mr Stuart—Four million from the Medical Specialist Outreach Assistance Program: that of course leaves one from the Asthma Management Program.

Senator CHRIS EVANS—Could you just go back a step and tell me: what did we budget for both those programs in the budget and what is left?

Mr Eccles—For this financial year initially there was $14.3 million allocated for the Medical Specialist Outreach Assistance Program. Very early in the financial year it was clear that we were not going to be able to spend that and there is $10.3 million currently available to spend.

Senator CHRIS EVANS—So you pulled $4 million of the $14.3 million out of there.

Mr Eccles—That is right.

Senator CHRIS EVANS—What about the Asthma Management Program?

Mr Stuart—One million from that program.

Ms Hart—I will just confirm that the funding was made up of $4 million from the Medical Specialist Outreach Assistance Program and $1 million to make it up to the $5 million, which came from the Asthma Management Program. Within the outcome, outputs and accrual framework there is flexibility provided to portfolio ministers to make decisions on movements of funding up to $5 million which is then approved by the Minister for Finance and Administration. This was the case in regard to the GP House measure.

Senator CHRIS EVANS—I will come to that issue. I just want to make sure I have finished the previous issue first. The $1 million that was taken out of the Asthma Management Program: what was originally budgeted? Ms Hart, I thought you were going to answer that one. Your information is very useful and I want to come back to you but I just want to get that clear so we can move on.

Mr Wells—The asthma money was part of the overall funding for the asthma 3+ Visit program, which was $48.4 million over four years.

Senator CHRIS EVANS—So what was the budgeted amount for the 2001-02 year?

Mr Wells—I am sorry, I do not have that with me right now, but I will be able to give you that when I come back under outcome 9 later on.

Senator CHRIS EVANS—It should just be in a copy of the budget and I know I should have it in front of me.

Dr Morauta—We are just having a look now.

Ms Halton—Bear with us.

Dr Morauta—The total allocation for the asthma program in 2001-02 was $7.5 million in this portfolio.

Senator CHRIS EVANS—What was the reason why there was $1 million spare to take out of that?

Mr Wells—It was because of a slower than anticipated take-up in some parts of the program in terms of contracting with organisations—for example, to develop material or whatever. It was therefore because of that slower than expected uptake from available funds that the minister took the decision.

Senator CHRIS EVANS—Ms Hart, you were beginning to explain to me the rules that govern these changes. Could you tell me what you said before about what you have to do? Are the ministers allowed to reallocate up to a certain limit?

Ms Hart—Under the guidelines and rules, through the Department of Finance and Administration framework, portfolio ministers have discretion to respond to emerging policy priorities by reallocating small sums of money with the approval of the Minister for Finance and Administration.

Senator CHRIS EVANS—Even on small amounts do they still need the approval of the Minister for Finance and Administration?

Ms Hart—Yes. There is an agreed framework that requires the approval of the Minister for Finance and Administration.

Senator CHRIS EVANS—Was that sought and gained on this occasion?

Ms Hart—It was in relation to GP House and the movement of funds from asthma management and the medical outreach specialist program.

Senator CHRIS EVANS—What about in relation to the grant to ACRRM?

Ms Hart—I will need to check that.

Dr Morauta—That was within outcome 4. This requirement is when you move money between outcomes.

Senator CHRIS EVANS—I see. So the minister is entitled to play within the outcome, but once they go outside the outcome they need the approval of Finance. Is that right?

Dr Morauta—That is right.

Senator CHRIS EVANS—Ms Hart, are there any restrictions on the amounts in those guidelines? You say that they have to get approval to move them between outcomes, whatever the amount. Are there any requirements for redecision by cabinet—for instance, if someone wants to move $200 million?

Ms Halton—I understand it is $5 million, but we will check that.

Ms Hart—Just to confirm that, any movement of funding between outcomes requires the approval of the Minister for Finance and Administration.

Senator CHRIS EVANS—I thought you implied earlier—and Ms Halton as well—that there is some sort of $5 million limit and then you have to seek a greater set of approvals or higher authority. I just want to be clear on that. Is that right or wrong? Did I misread what you said?

Ms Hart—I will check that for you to make sure I am absolutely accurate about that. To confirm what I said earlier to correct the account of the rules, the movement between administered and departmental items up to $5 million is at the minister's discretion. Any

movement between portfolio outcomes requires the approval of the Minister for Finance and Administration.

Senator CHRIS EVANS—Inside the output the minister can move up to $5 million—

Ms Hart—Inside the outcome.

Senator CHRIS EVANS—For instance, within outcome 2 the minister is able to move up to $5 million around without any approval at all. Once he wants to go over $5 million he or she has to—

Ms Hart—Has to have the approval of the Minister for Finance and Administration.

Senator CHRIS EVANS—But, in any event, Dr Wooldridge required Finance approval on this occasion because it was between outcomes?

Ms Hart—Between outcomes—that is correct.

Senator CHRIS EVANS—You are confirming for me that he sought and gained Finance approval?

Ms Hart—In relation to GP House, yes, he did.

Senator CHRIS EVANS—Are you able to provide me with the date on which he received that approval?

Ms Hart—I will need to take that on notice. I will see if we can get it for you a little later.

Senator CHRIS EVANS—Is that a written submission to the minister, or does he ring up John Fahey, or whoever it was at the time and say—

Ms Hart—No. It is normally conducted via correspondence from our minister to the then Minister for Finance and Administration in a return letter approving it.

Senator CHRIS EVANS—If you can get the date of that approval, I would appreciate that.

Ms Hart—I will get that for you.

Senator CHRIS EVANS—When was this decision announced? I know the contract was signed on 28 September—you told me that. Can somebody tell me when it was publicly announced?

Mr Stuart—The minister wrote to Paul Hemming on 27 September, which is a public act by the minister. I am unaware of a separate public announcement, but there may have been one. I think I need to take that on notice.

Senator CHRIS EVANS—So you are not necessarily aware that there was any announcement, beyond the minister writing to the RACGP on the 27th?

Mr Stuart—And, of course, there is a public statement in this additional estimates document. But I am not aware of whether there was any other announcement. There may have been an announcement by the RACGP which I am also unaware of, but we can check that.

Senator CHRIS EVANS—Can you take on notice for me what announcements were made by the department and/or the minister in relation to this matter, following the letter to the RACGP?

Mr Stuart—Hopefully, we can come back to you with that today but, if not, we will take it on notice.

Senator CHRIS EVANS—I will just go back to the scheme. What is the financial arrangement in terms of the other GP organisations? You have contracted with the RACGP. As I understand it, they are to own the building under this arrangement—or there is a trust, I think you were saying. Do the other organisations become members of the trust, or do they have to pay rent to the RACGP?

Mr Stuart—They would become tenants of the building.

Senator CROWLEY—They would have to pay rent?

Mr Stuart—They would be paying rent.

Senator CHRIS EVANS—You talked about a trust: is the only member of that trust the RACGP, or are the other organisations also going to be members of that trust? I am no lawyer.

Mr Stuart—My understanding is that the RACGP is a member of the trust. At this stage, I do not believe there are any other GP organisations that are members of the trust. The organisations that would be co-tenants with the RACGP on the fourth floor would be paying rent as tenants.

Senator CHRIS EVANS—I see. So they do not necessarily get any Commonwealth subsidy from this arrangement?

Mr Stuart—That is not entirely true. Just to be very clear, there are two payments envisaged, the second payment on this contract being for the fit-out of the upper floor on behalf of the second and third party tenants, which would be an indirect benefit to those parties. But there is no contract with any other party for the Commonwealth to make any contribution.

Senator CHRIS EVANS—So you are telling me that, in addition to buying them the building, we are going to fit it out as well?

Mr Stuart—No, we are not buying them the building. We are making a contribution to the RACGP's arrangement to be a shareholder in the trust. We are also spending $1.9 million of the amount for a fit-out of the fourth floor, if and when the conditions under the contract are met.

Senator CHRIS EVANS—Is that in addition to the $5 million or is that part of the $5 million?

Mr Stuart—That is part of the $5 million.

Senator CHRIS EVANS—So, in effect, you are only putting in $3.1 million to the building, but you are going to pay $1.9 million for the fit-out of the fourth floor? Is that a fair summation?

Mr Stuart—Yes, that is correct.

Senator WEST—Remind me of the address of this building?

Dr Morauta—The address is 44 Sydney Avenue, Forrest.

Senator CHRIS EVANS—I understand it is currently a vacant block. Is that right?

Mr Stuart—I believe so.

Senator WEST—What are the planning restrictions on that part of Canberra in relation to building height? Something in the back of my mind says three storeys. I might be wrong.

Senator CHRIS EVANS—That would be a pretty good deal if they only got the money if they go to four floors. Maybe the ACT government will save you!

Ms Halton—I will just make the observation that the DFAT building is possibly more than three storeys.

Senator WEST—I think that is in a different area. It is actually in the parliamentary triangle.

Ms Halton—I think this area might be as well. Sydney Avenue, as I understand it, borders the DFAT building as well.

Senator WEST—This means it has to go through the Public Works Committee, and it has to go through the National Capital and External Territories Committee. So it has a fair way to go yet before it gets to its completion.

Dr Morauta—That is the matter for the RACGP.

Senator WEST—It is a matter for some parliamentary committees too.

Senator CHRIS EVANS—Let me be clear: does that mean we will be paying $3.1 million to the trust soon?

Dr Morauta—The RACGP has advised that it expects to ask us to pay this financial year.

Senator CHRIS EVANS—Do you have any more precise details about when you are expected to provide the money?

Dr Morauta—No, we do not, Senator.

Senator CHRIS EVANS—What do they have to do to trigger the payment of the $3.1 million?

Dr Morauta—I will just pick up this answer. To trigger the $3.1 million, they have to provide security to the Commonwealth of a first-registered mortgage over real property or some other form of security that is satisfactory to the Commonwealth, which secures an amount of $3.1 million plus GST. That is so the Commonwealth has a comeback if the outcome of the co-location is not achieved.

Senator CHRIS EVANS—As I understood it—apart from the niceties of which floor people are on—the main criteria was that you were paying the money in return for their living together in that building. Obviously they cannot do that before they build the building, so you are advancing them the money, with some security if it does not happen.

Dr Morauta—That is right.

Senator CHRIS EVANS—Do they have until 1 July 2004 to deliver on that assurance re co-location?

Mr Stuart—Yes.

Senator CHRIS EVANS—What penalties are in place in the contract if they fail to deliver? It might have been easier to just give me the contract.

Mr Stuart—If the RACGP fails to deliver on any of the outcomes, the department can require the RACGP to repay all or part of the initial funding of $3.1 million. The $1.9 million fit-out funding is not payable until leases have been secured with the other tenants for the fourth floor. If that subsequently does not remain in place to the satisfaction of the Commonwealth, we again have a right to require the repayment of all or part of the funding.

Senator CHRIS EVANS—So basically your comeback is to demand from them repayment of the money advanced to them, or to sue them if they fail to meet—

Dr Morauta—We have the security of the mortgage on a building. Our bank holds the deeds.

Senator CHRIS EVANS—But that will not be a mortgage over that building, though.

Dr Morauta—No.

Senator WEST—Have you ever sued any of those organisations for failure to comply? What is the likelihood of their being in financial difficulty because of it?

Ms Halton—I think there is a difference between suing versus collecting on a mortgage that might have been taken in respect of a particular property. I think what Mr Stuart has been outlining is the security that the Commonwealth is taking to secure the money. I suspect that if you start talking about suing, we are into a different process.

Senator WEST—Somebody did mention the words 'legal action', didn't they? I might be mishearing things.

Mr Stuart—I do not believe so.

Senator CHRIS EVANS—Let me go back to the basic rationale of this. I took an interest in Family and Community Services when Senator Newman was attempting to get some of the community groups to work more cooperatively together and to form common organisations and partnerships—I think she would agree that that was not her most successful program; it is not an easy job—but I do not remember her offering to buy them a building to achieve that goal. It was more about measures such as the organisation of memorandums of understanding, combining organisations, encouraging them to merge or to speak with one national voice and having a joint national representative.

I am trying to understand the policy rationale that says, 'We'd like them to speak with one voice, so we are going to make them live together, but we are not going to require them to have the same policy or amalgamate or speak with one voice. Purely we are interested in their residential arrangements.' It seems to me an interesting idea. I live together with Senator Knowles in the Senate for half the year. We do not agree on anything and rarely speak with one voice—except on how much we look forward to estimates! What is the policy objective, other than to have them all in the one building?

Mr Stuart—To promote communication and cohesion in the industry.

Senator CHRIS EVANS—Do you think that is best achieved by people being in the same building? Are there other strands to this objective, or is this the sole one?

Mr Stuart—The documented statements about objectives go to promoting cohesion in the industry and promoting communication between GP groups. Those objectives are stated in the additional estimates book.

Senator CHRIS EVANS—But for $5 million you could buy them a lot of executive retreats and team building courses—whale humming together and all sorts of modern management techniques that I am sure some of the senior public servants have done courses on.

Ms Halton—Senator, I sincerely doubt whale humming!

Senator CHRIS EVANS—Maybe in the environment department. Seriously, since when has putting people into the same building achieved those objectives? Since when has that become an acceptable way of achieving that policy outcome? What is the rationale for that?

Mr Stuart—I do think you are now asking me to speculate about the policy alternatives, and I do not think I ought to do that.

Senator CHRIS EVANS—No, I am trying to understand how the $5 million gets us to where you want to go. You are asking the Senate to approve spending $5 million of taxpayers' money so people can live together and rent out three other floors. I am asking you: what public policy objective does that facilitate? Quite frankly, I am at a loss.

Ms Halton—I think what Mr Stuart was trying to explain to you was that the previous minister, as he has already said to you, had detailed discussions with a number of people, who he has named. Clearly, the nature of those discussions—which at least in part founded his decision—is not something that we can necessarily comment on. Let me observe to you, though, that in relation to your comment about co-location, administrative arrangements orders in the Public Service go precisely to that issue: there have been a number of changes made over the years which are about co-location of particular functions, with precisely the objective of having the particular functions cooperate within the structure of a department.

Senator CHRIS EVANS—And I think you would agree that they have had mixed success, Ms Halton.

Ms Halton—I think I would also observe that they continue to be part of the nature of our government, so they must at least have some success.

Senator WEST—I would like to see the criteria for some evaluations of them.

Ms Halton—Now we are speculating, Senator.

Senator WEST—I am serious about the need for criteria in evaluations.

Senator CHRIS EVANS—This is quite different. We are being asked to spend $5 million of public funds to provide for a private organisation to build a building in which it will reside along with some other tenants and will rent out another three floors to the public. We are putting $5 million of taxpayers' money into that. I think it is important we understand the rationale and the policy benefit to the Australian taxpayer of this decision. I think a lot of taxpayers will be perplexed that they could not get better value for that $5 million than some acknowledgment that a couple of GP groups happen to share the same floor of an office building. But that is a political comment.

Senator HERRON—They would be just as perplexed as the then opposition was at the previous Labor government's funding the RACGP for similar proposals.

Senator CHRIS EVANS—That may be true. I bow to your longer memory on such things, Senator Herron.

Senator HERRON—I do not know whether there is a corporate memory within the department, but certainly I recall it well—it was 10 years ago.

Senator CHRIS EVANS—I am happy to have a chat to you about that, but I think I will concentrate on what is before us in this current Senate estimates round. Are there any departmental output measures which this expenditure is going to be measured against? That is the 'in' language now, isn't it?

Dr Morauta—I think the outcomes identified in the agreement with their colleagues are these ones we have talked about: the naming of the house, the co-location, the shared tenancy and so on. The immediate outcomes are that the $5 million purchases that, or it does not.

Senator CHRIS EVANS—Why are we interested in the naming of the house? You said it was an outcome.

Dr Morauta—I think there was the concept, first of all, that it should be called 'GP House', but that it should not be named after a tobacco company or something else. We would want to retain the right to not approve some other names that might be suggested. It was that sort of thing.

Senator CHRIS EVANS—So you have naming rights, or you have a veto over the naming rights?

Dr Morauta—I think we have naming rights for 10 years.

Senator CHRIS EVANS—Have you determined to call it 'GP House', or are you open to suggestions.

Dr Morauta—That is the initial name proposed.

Senator CHRIS EVANS—That is a decision; that is not just a working title. The department or the minister has said it will be called 'GP House'?

Dr Morauta—That is the starting point in the contract.

Senator CHRIS EVANS—Does the ADGP have an office base in Canberra already?

Mr Stuart—Yes, in Belconnen.

Senator CHRIS EVANS—Do you know what size the building is or what staff they employ in Canberra?

Mr Stuart—My understanding is they have 30-odd staff in Canberra.

Senator CHRIS EVANS—And they are currently located in the building in Belconnen?

Mr Stuart—Yes.

Senator CHRIS EVANS—Do they own that building?

Mr Stuart—To the best of my knowledge, they pay rent in that building.

Senator CHRIS EVANS—Does the Australian Division of General Practitioners have a Canberra base?

Mr Stuart—I thought that was the organisation we were just talking about. Did I mishear you?

Senator CHRIS EVANS—No. I thought I asked about the Royal Australian College of GPs firstly, but I may have used the other term.

Mr Stuart—I was talking about the divisions. They have a staff of around 30 in Belconnen.

Senator CHRIS EVANS—The contract is with the Royal Australian College of General Practitioners, so let us start with them. Do they have a Canberra base?

Mr Stuart—No.

Senator CHRIS EVANS—They do not have anyone in Canberra?

Mr Stuart—They do not have a base in Canberra. They currently have offices mainly in Melbourne.

Senator CHRIS EVANS—Their HQ is in Melbourne, so the effect of this decision is for them to transfer their headquarters from Melbourne to Canberra. Is that right?

Dr Morauta—I am not sure what proportion of that organisation they propose to move, but there would be a movement to Canberra of some portion of that.

Senator CHRIS EVANS—Clearly you must have some idea, Dr Morauta, because you have been discussing which floor and how much space they are going to take up.

Dr Morauta—I do not think that we have figures on how many people are coming from the college into Canberra.

Senator CHRIS EVANS—So the college have their headquarters in Melbourne, but it is their building, and they will obviously be expected to fill it. Have you detailed what square metreage each of these—

Mr Stuart—Yes, the contract specifies that they will occupy 200 square metres of the 1,000 square metres on the fourth floor of the building.

Senator CHRIS EVANS—So the RACGP is committed to taking up 200 square metres of the 1,000 square metres on the fourth floor—do I assume from that that the whole building measures 4,000 square metres?

Mr Stuart—I do not know the configuration of the other floors.

Senator CHRIS EVANS—But I presume it is fair to assume that the fourth floor is not larger than the lower floors. Even in Canberra, that is a fair assumption. Can someone tell me what the square metreage of the building is and, if not, can you take it on notice?

Dr Morauta—Yes.

Senator CHRIS EVANS—But is it fair to assume that we are talking of a building measuring in the order of 4,000 square metres—there are four storeys and the top floor measures 1,000 square metres?

Dr Morauta—I do not think we know about car parks and things.

Senator CHRIS EVANS—All right. Putting car parks to one side, are we talking about a building in the vicinity of 3,000 to 4,000 square metres?

Mr Stuart—We do not know about foyers or public spaces.

Senator CHRIS EVANS—But, with all of those caveats—

Mr Stuart—Can I just correct something? I said that 200 square metres and 1,000 square metres were nominated in the contract: I do not believe they are in the contract; I believe that is just something that I know.

Senator CHRIS EVANS—So is there a minimum requirement in the contract?

Mr Stuart—The minimum requirement in the contract is that the RACGP occupy the floor as the primary tenant, with the divisions as another necessary tenant.

Senator CHRIS EVANS—But, apart from that requirement in the contract, your understanding is that they will take up about 200 square metres of a 1,000 square metre floor?

Mr Stuart—Yes, that is my understanding.

Senator CHRIS EVANS—So what we have is this: we are going to build a building for them—or rather we are going to financially contribute to a building—of approximately 4,000 square metres, and they are going to occupy 200 square metres of that?

Mr Stuart—It is really not accurate to say that we are buying anyone a building, or building any building.

Senator CHRIS EVANS—No, I corrected myself. I was wrong; I apologise. We are going to make a financial contribution of $5 million toward the development of a building for a group that is committed to taking 200 square metres of that 4,000 square metre building. Is that right?

Mr Stuart—With a proviso on the 4,000 square metres, Senator.

Senator CHRIS EVANS—All right, you will get back to me on those caveats. Now, I confused you before on the Australian Division of General Practice. They already have Canberra headquarters, in which you think they are tenants, and you think they have about 30 or so staff located in Canberra already. Is it these people you are hoping will move into GP House?

Mr Stuart—Yes, that is what the contract envisages.

Senator CHRIS EVANS—Have you had any direct negotiations with the Australian Division of General Practice about that?

Mr Stuart—No.

Senator CHRIS EVANS—So what do we know about their intentions with regard to moving into this building?

Mr Stuart—I have not had any separate discussions with them, so I cannot comment on their intentions.

Senator CHRIS EVANS—Do you regard that as purely a matter between them and the RACGP?

Mr Stuart—That is the way the contract is constructed.

Senator CHRIS EVANS—I think Dr Morauta said that the other organisation named in the MOU as a prime candidate was the Rural Doctors Association?

Mr Stuart—There are a number of other options for the RACGP to consider and approach. The Rural Doctors Association would be one.

Senator CHRIS EVANS—Do they have a Canberra headquarters currently?

Mr Stuart—Yes, I believe they do.

Senator CHRIS EVANS—Where are they located?

Mr Stuart—I do not know very much about their office.

Senator CHRIS EVANS—I am sure the Acting Assistant Secretary in the Office of Rural Health will know.

Mr Eccles—Yes, Senator. I think that they are in Deakin.

Senator CHRIS EVANS—Do we have any idea of what their staffing is currently?

Mr Eccles—I could not say with any authority, but it is in the order of one, two or three.

Senator CHRIS EVANS—That was my understanding. They are a fairly small organisation. And the other targeted groups? Dr Morauta, you said they were the three named in the contract.

Dr Morauta—The only two named in the contract are the divisions and the college. There are a number of other GP groups that might be considered for such an arrangement.

Senator CHRIS EVANS—Would you like to name them for me, please?

Dr Morauta—There is the General Practice Computing Group, but there are other organisations like that that are renting space in Canberra and that could consider moving into here, should that be the arrangement they prefer.

Senator CHRIS EVANS—Is it fair to say that none of those groups have negotiated any commitments with the government or the department about that?

Dr Morauta—Not with us, no.

Senator WEST—Have they been approached by anybody?

Dr Morauta—We really do not know how the college is pursuing this in detail.

Senator CHRIS EVANS—But the point, from your point of view, is that you are not negotiating that, you are not seeking expressions of interest and you have no commitment from any of those groups about moving into the building?

Dr Morauta—No.

Senator WEST—This is money that was going to be used to promote asthma and rural specialists. Is that correct? It is now being spent to promote communication and cohesion. Am I right there?

Dr Morauta—Yes.

Mr Stuart—Yes, Senator, that is right.

Senator WEST—What is being done to promote communication and cohesion for some of the other health professional groups, such as the pharmacists, nurses, dentists and psychologists?

Dr Morauta—There are a number of activities and programs in the department that have that kind of flavour to them. For example, the General Practice Memorandum of Understanding agreement between the three GP groups and the department was an attempt to promote a common view among general practice in dealing with the department. We have agreements with the pathologists. One agreement that we have discussed a lot here is with the radiologists.

Senator WEST—These are all medical ones; I am asking about the other health professionals. What is being done for groups such as pharmacists, nurses, dentists, psychologists, social workers, speech therapists, occupational therapists and radiographers? This is a nice $5 million that has gone to help this group of doctors. What is being done to help those other health professionals, especially in view of the fact that we have shortages in all of those areas?

Dr Morauta—The bulk of the department's funding through the MBS is for medical services through PBS, as you know. Those are the areas where most of the department's infrastructure funding for organisations is directed. There would probably be some work being done in the allied health area but they are not areas where we have a primary funding

responsibility. Most of the money that is directed to infrastructure for organisations would be in the medical and pharmacy fields.

Senator WEST—If the other groups come to you with proposals like this, would you be prepared to look at another $5 million out of various areas, such as out of asthma education?

Dr Morauta—That would be a matter for the minister and the government of the day.

Senator CHRIS EVANS—Does the AMA have Canberra headquarters?

Dr Morauta—Yes.

Senator CHRIS EVANS—Is it envisaged that they move in as well?

Mr Stuart—That would be a matter for the RACGP to discuss with them.

Senator Patterson—They can move into Centenary House.

Senator Chris Evans—The minister said they can move into Centenary House. It seems to me, though, that they also represent GPs in some capacity, don't they?

Dr Morauta—In some respects, Senator. They have a broader membership than general practice.

Senator CHRIS EVANS—They are not envisaged to be involved in this?

Ms Halton—As Mr Stuart has outlined, the requirement is on the body with whom we have a contract to deliver on collocation with a number of organisations, otherwise the contract becomes defunct and we recoup. The AMA are, to my knowledge, located in Barton and, without going into the intricacies of geography and the relationship between Barton and Forrest, these buildings will be very close together. As has been outlined, we are not brokering everyone's revised accommodation arrangements.

Senator CHRIS EVANS—Sure. Did you or the minister have any advice previous to this decision as to whether the AMA had spare capacity for accomodation in their building?

Dr Morauta—In the immediate contact the government responded to the proposal from the RACGP.

Senator CHRIS EVANS—I was just interested to know whether that was the case.

Mr Stuart—Can I go back to an earlier question: when did the Australian College of Rural and Remote Medicine write to the minister about the training issues? That was on 21 August 2001.

Senator CHRIS EVANS—That was with their proposition about the training grant; is that right?

Mr Stuart—That is right.

Senator CHRIS EVANS—On 21 August 2001 they wrote to the minister.

Mr Stuart—Yes.

Senator CHRIS EVANS—And was the agreement essentially in the terms proposed by them?

Mr Stuart—No, there is no agreement, Senator.

Senator CHRIS EVANS—There is an agreement to pay them the money, isn't there?

Mr Stuart—There is a policy approval by the minister to pay them up to the amount. The amount that has been set aside is the amount that was proposed in the letter to the minister, yes. But that is subject to satisfactory negotiation of a final contract.

Senator CHRIS EVANS—Thanks for putting that on the record. I appreciate you getting back on that. Can I take you back to the letter from Dr Hemming on this particular matter—the letter from the RACGP to Minister Wooldridge? Is the contract and outcome in this matter largely consistent with the proposition he put? You took on notice that you would provide me with the contract and I think you were happy to give me Dr Hemming's letter, but you didn't have a clean copy, so I haven't seen either at this stage.

Mr Stuart—The original proposition did go to a $5 million contribution from the Commonwealth matched by a $5 million contribution from the RACGP. However, the contract goes a lot further than the description in the letter in relation to what are the deliverables, by what time frame and the conditions for recovery if those conditions are not met.

Senator CHRIS EVANS—In the reassurance for the Commonwealth there is more detail but in terms of the broad proposal—$5 million each for us to purchase this building—that was essentially what was outlined in Dr Hemming's letter; is that right?

Mr Stuart—At that very high level, yes, but the contract, of course, contains very significantly greater conditions.

Senator CHRIS EVANS—Yes. So the protections for the Commonwealth are outlined in more detail and there are more protections, but the substance of the basic proposition is reflected in the contract. Is that fair?

Mr Stuart—Yes.

Senator CHRIS EVANS—Can anyone advise me whether or not any other grants of this nature have been made by the department of health in recent years towards building propositions for groups with which the department has relations?

Dr Morauta—The things that spring to mind most easily, Senator, are in the educational field, where we support faculties of different types, and some clinical services have building components. We make contributions to some of those things. I do not have a list of them to reel off, but we do get involved in some way.

Senator CHRIS EVANS—Are they generally towards capital costs of health services?

Dr Morauta—Yes, I think that is right.

Senator CHRIS EVANS—I appreciate that it is part of your normal funding role to help fund health services and their capital costs, but this is a question of—I am trying to think of the right term—not a lobby group but a peak group or a non-government organisation.

Dr Morauta—We certainly provide funding for some of these peak groups to support them, Senator, in their work—

Senator CHRIS EVANS—That is right, yes.

Dr Morauta—and some of that would be used towards their costs. But, no, we do not have another contract like this.

Senator CHRIS EVANS—So what other financial relationships do you have with the RACGP at the moment?

Dr Morauta—I think we took on notice that we would give you a list of contracts—

Senator CHRIS EVANS—Yes.

Dr Morauta—and I think that will be the way to really get at that question.

Senator CHRIS EVANS—Right. Are you able to answer in general terms? For instance, do you help fund their secretariat? I know Family and Community Services have a funding policy for dealing with peak organisations. Is that part of your charter as well?

Dr Morauta—In general we might do that, but I do not think we do it with the college. I think it is more in the area of services that they provide, but I will—

Senator CHRIS EVANS—It is more a purchase of services arrangement, is it?

Mr Stuart—We used to fund them around $20 million a year for the delivery of training to registrars. But, as you are aware, that is now funded through GPET. So the majority of that activity with the RACGP, from my understanding, is particular funding for particular services.

Senator CHRIS EVANS—And is that true of the AMA and other peaks like that? As I say, in other portfolios sometimes people will put, say, $50,000 into the blind citizens' association to help them fund a peak body.

Dr Morauta—We do have a community sector support scheme—I am not sure who knows about that, but—

Senator CHRIS EVANS—This scheme is focused—

Dr Morauta—Jan, can you just give us a quick rundown on that?

Senator CHRIS EVANS—It is all right. I just really wanted to know whether organisations such as the divisions, the college of GPs, the AMA, are funded in that way under those sorts of programs—

Dr Morauta—No.

Senator CHRIS EVANS—or are they really only funded on fee for service?

Dr Morauta—I think the college and the AMA do not receive money. The AMA gets, I think, almost no money from us at all, but the college does get money for activities—or that is the sort of flavour of it. The divisions, being a program run by the government, have more core funding coming from us, and they vary like that. And there are some other organisations where we provide a base funding for their infrastructure.

Senator CHRIS EVANS—I will leave that one there, thank you.

CHAIR—Any further questions on outcome 4?

Senator GIBBS—I have one on coordinated care trials. When I asked you this before I did not quite hear all of the answer because there was a lot of noise. Did you say how long they would be delayed?

Mr Broadhead—We do not have a precise date on how long they are delayed for but it has taken us longer than we might have hoped at the outset to get these up and running. We believe we will have them up and running in the next few months but I cannot give you a precise date.

Senator GIBBS—How long has it been delayed for now?

Mr Broadhead—The original measure was in the 1999 budget, so the funding became available in 1999-2000. We have been through a process of calling for expressions of interest,

short-listing from those, going through detailed design phases and short-listing again. So we have been in the process of development now, if you want to date it from the original call for expressions of interest, for a couple of years.

Senator GIBBS—So the reason it has been delayed is that people have not responded?

Mr Broadhead—No. We got 49 or so original expressions of interest, so we had quite a large expression of interest. We short-listed that down to about 19 and we then proceeded. We got 16 detailed designs lodged and we have been doing further work since then to refine those proposals. As we learnt in the first round, there is a lot of devil in the detail in designing coordinated care trials and so we have been doing quite a lot of work with the proponents to ensure that the designs are as robust as possible.

Senator GIBBS—So probably in the next couple of months you say?

Mr Broadhead—In the next few months, yes.

Senator GIBBS—Are there any other reasons for the delays?

Mr Broadhead—It is partly to do with the detail of the design; it also involves negotiation with a range of stakeholders. So, for example, we are dealing with our state and territory colleagues in relation to this in several instances, and there have been some matters that we have had to resolve with them in terms of their relationship to the trials because the trials span services, not only Commonwealth funded services but also state and territory funded services. In the course of developing these proposals, one needs to get agreement between quite a large number of different parties.

Senator GIBBS—What sorts of problems are the states having?

Mr Broadhead—I would not say 'problems'. It is more about working out the details of how arrangements work, for example, around hospitals and the relationship of hospitals and hospital funding to trials.

Senator GIBBS—So there are funding problems at their end?

Mr Broadhead—States are contributing funds to trials, or will be contributing once trials are established, in a number of instances. The nature and terms of those contributions have to be resolved in discussions, sometimes between the trials and hospitals and in other instances between the trials and the health department in the state in which they are located. For example, the Victorian health department has modified the funding guidelines for hospitals in Victoria to take account of how funding would be adjusted in the event of a coordinated care trial being established with hospital involvement. That has required some decision on their part, which they have made, on the guidelines that apply for the current financial year as to how they would deal with them under their hospital funding arrangements.

Senator GIBBS—Thank you very much for that. That sort of explains what I was really after. On page 68 of the PBS there is a special appropriation:

National Health Act 1953—Blood fractionation, products and blood related products.

Then we have a figure here under 2001-02 of almost $159 million and then an extra $64-odd million. Can you explain to me why the department is seeking an extra $64.3 million for blood related products?

Mr De Graaff—The original budget is $94,567,000.

Senator GIBBS—Right.

Mr De Graaff—The adjustment that is shown there, the variation of $64,257,000, relates back to an accounting adjustment that was made from 30 June 2000 onwards. It was declared in our annual report; it is at note 24 to the financial statements of the annual report. It notes that there was an amount of $227 million that needed to be identified as a commitment that the Commonwealth incurred under the plasma fractionation agreement with CSL Ltd and that that had to be identified in the financial statements. That amount of $227 million has been attributed across the remaining years of that contract, which is up until 30 June 2004. So each year from the year of the 2000-01 annual report up until the financial year 2003-04 there needs to be an adjustment made so that that commitment is recognised.

Senator GIBBS—I see.

Mr Stuart—In short, Senator, it is a change in accounting treatment under accruals.

Senator GIBBS—I never have understood the accrual accounting.

Mr Stuart—Join the club, Senator.

Senator WEST—You are on that side of the table; you are supposed to be explaining it to us.

Mr Stuart—I thought we just did.

Senator GIBBS—I am not very good with money as it is anyway. Thank you very much. That is fine. Page 71 of the PBS under the heading 'National Suicide Prevention' states:

Rephasing of funds from 2000-01. These funds have been committed to support community projects but due to contractual delays were not fully expensed in 2000-01.

Does this mean that the National Suicide Prevention program has been rolled over?

Mr Stuart—It means that a part of the funds under the program have been rolled over.

Senator GIBBS—What part of the funds?

Mr Stuart—The sum of $6.45 million was rolled over into 2001-02 and the sum of $4 million into 2002-03.

Senator GIBBS—Why have those funds been rolled over?

Mr Casey—The reason those funds have been rolled forward is in reflection of the longevity of this program. The initial establishment of the infrastructure to support suicide prevention has meant that some money in the first year has not been spent in that first year, and so the money has been rolled forward and an attempt has been made to smooth this out over the remaining four years of the government's commitment to the National Suicide Prevention Strategy.

Senator GIBBS—So what you are saying is that the money has been rolled over because it has not been used?

Mr Casey—That is correct.

Senator GIBBS—Does this mean that the program is working and we are having a reduction in the number of suicides? It is obviously aiming at suicide prevention: are suicides dropping in number?

Mr Stuart—That would not be the right reading of these numbers, but you are right—suicide levels have been dropping in Australia over the last few years.

Senator GIBBS—That is fantastic. Do you know, off the top of your head, what sort of degree of numbers we are talking about?

Mr Casey—I can give you some of that information, Senator. *Causes of death, Australia*, was published by the Australian Bureau of Statistics in December 2001: in the year 2000, there were 2,363 suicides in Australia, compared with 2,492 in the previous year. These figures for the 2000 reporting year represent the lowest suicide rate in Australia in the last 11 years.

Senator GIBBS—That is great.

Mr Casey—The Australian Bureau of Statistics collect information in relation to all deaths, and suicide is a subset of their deaths reporting. I can, if you wish, refer you to the Australian Bureau of Statistics publications. One is ABS document No. 3302.0, *Death, Australia*; the second is ABS document No. 3303.0, *Causes of death, Australia*. This is just an ABS report in relation to all recorded deaths in the country.

Senator DENMAN—Does that give a break down for regional areas as well? Are suicide levels in country areas higher than in city areas, and so on?

Mr Casey—I would have to take the details of that on notice. It does give some breakdowns, but I am not completely familiar with the whole structure of the report.

Senator DENMAN—What about age groups?

Mr Casey—Yes, it does give age groups.

Senator DENMAN—Does it give information about gender?

Mr Casey—Yes, and it also gives details about the means used in relation to suicide.

Mr Stuart—They are publicly available reports, and I am sure they would be available in the Parliamentary Library.

Senator DENMAN—Can we get those off the Internet?

Mr Stuart—Yes, from the ABS site.

Senator HERRON—Are those figures considered statistically significant?

Mr Casey—I could not comment on that, Senator, I am not a statistician. I can say, in lay terms, that in the last two years the reduction in deaths amongst the youngest population, 15-year-olds to 24-year-olds, for example, has been about 35 per cent. I think most people would consider that significant.

Senator HERRON—I find it interesting that the suicide levels have not changed in 60 years. There have been changes in relation to age distribution. If that is statistically significant, that is extremely important. It is data. About two years ago we saw an increase in the age group—and I think that is what my other Senate colleagues were referring to—and a decrease in the youth group. Overall, there have been fluctuations over 60 years, but the only dip was in the Second World War, for obvious reasons. Did you read the name of that publication into the *Hansard*?

Mr Casey—From the Australian Bureau of Statistics? Yes.

Senator DENMAN—Does that publication include the person's sexuality? On the north-west coast of Tasmania, where I live, there is a fairly high proportion of young gay men and many have suicided. Does it take all of that into account?

Mr Casey—It does not provide that level of personal detail, just gender and age.

Senator GIBBS—Does it incorporate drug deaths or only cases of obvious suicide?

Mr Casey—The recording is as recorded by the coroner's office.

Senator GIBBS—Right. Thank you very much.

Senator WEST—Going back to GP House, were any tenders called for it?

Mr Stuart—I am sorry, Senator: called for what element?

Senator WEST—For any of the elements, such as the selection of building or for the RACGP or somebody to be the lead body?

Mr Stuart—The department did not call for tender to establish the relationship with the RACGP. Arguably, the RACGP is the largest, most financially expert group in the GP area with the greatest experience in property and property management.

Senator WEST—Were there any tenders called for the site?

Mr Stuart—That would be a matter for the RACGP.

Senator WEST—So you do not know whether there were any tenders called for the site or for expressions of interest to develop the site?

Mr Stuart—That is a separate matter and not one of immediate policy concern for the department.

Senator WEST—Minister, do you approve of the transfer of the moneys, the cost?

Senator Patterson—It is a decision that was made before I became minister.

Senator WEST—You are the minister now who is seeing this through. Do you approve of it?

Senator Patterson—It was approved by the previous minister.

Senator WEST—Who funds the ADGP?

Dr Morauta—By and large, their funding comes from the Commonwealth.

Senator WEST—Are you not, therefore, in a position to tell them where they should have their offices?

Mr Stuart—Senator, you would understand that we provide program funding to organisations for program outcomes. We are not usually in the business of compelling organisations on such issues as where they locate themselves.

Senator WEST—Do you not think that you have the jurisdiction or power to dictate some of those terms?

Mr Stuart—That would be fairly unusual.

Senator WEST—If the RDAA relocates one person, is the contract satisfied?

Mr Stuart—No, it is not because the contract stipulates that the entire space must be occupied by GP organisations. Then the RACGP would be in search of further tenants from the GP community for that space.

Senator WEST—Could you refresh my memory as to how many representatives the RDAA has here in Canberra?

Mr Stuart—I believe we said that it was between one and three.

Senator WEST—Hence, my question: with one person of the RDAA relocating to that premises, are you now telling me that that would not satisfy the contract?

Mr Stuart—The contract specifies that the RACGP must be the first and significant anchor tenant, that it must be joined by the divisions of general practice, that there must be at least one other organisation of national significance and that together all of the GP organisations must fully occupy the space.

Senator WEST—So the RDAA does not necessarily have to be one of the organisations on the 4th floor.

Mr Stuart—That is correct.

Senator WEST—Who is the CEO of the RACGP?

Mr Stuart—The CEO of the RACGP is Ms Liz Furler.

Senator WEST—That name is familiar. What is her background?

Dr Morauta—She was previously a first assistant secretary in our department, and she had a long background before that in Health.

Senator WEST—How long has she been the CEO?

Mr Stuart—For about a year.

Senator WEST—We have not had estimates for so long that we have lost track of a lot of people.

Senator McLUCAS—I understand you would have done an assessment of the viability of the proposal?

Dr Morauta—No, that would not be the right assumption, Senator.

Mr Stuart—Ultimately, the viability of the proposal is a matter of what the RACGP can negotiate. The Commonwealth has adequate security to ensure that the Commonwealth interests are protected.

Senator McLUCAS—So you did not have a look at a business plan; you did not assess the viability of the proposal?

Dr Morauta—No.

Senator McLUCAS—So you are prepared to simply work on a contract that may or may not work, given that somewhere down the track, if it is not completed, you would get your money back at that point. Is that correct?

Mr Stuart—First, a number of milestones have to be passed. A number of conditions have to be met before any funding flows. If there is a failure in the arrangements later, the Commonwealth also has a right to cease and to recover. That is how our interests are protected.

Senator McLUCAS—I do find it extraordinary that you would not do the initial evaluation of the potential for success of such a proposal—in a business sense, not in terms of communication and cooperation. It is reasonable to think that you would undertake that task before handing over $5 million.

Dr Morauta—I do not believe we would have access to the information that we would need to make such an assessment, because the matters are in the business hands of the RACGP. It has arrangements with developers, builders and so on, and we do not know about

those. Similarly, if you were going to tenant a building, you would not know all that background when you went in but you would have a deal about your tenancy. In this case, we have a deal about some outcomes but we have not seen it necessary to go back and look at the business propositions that underlie this building.

Senator McLUCAS—So you have no idea when the college would own the building outright?

Dr Morauta—No.

Mr Stuart—The college is never going to own the building in its own right and on its own.

Senator McLUCAS—Sorry, the trust fund. You do not know that?

Mr Stuart—No, we do not.

Senator CROWLEY—Is the first criterion for you to set out to get your money back if they have all failed to cohabit by June 2004?

Dr Morauta—Yes.

Senator CROWLEY—Do you have a clear definition of what exactly that cohabitation means?

Dr Morauta—We think it is pretty clear.

Senator CROWLEY—How soon after will you satisfy yourself that they are not cohabiting and you will move in on them—July, August?

Dr Morauta—I would think it would be incumbent upon us to do it expeditiously.

Senator CROWLEY—'Expeditiously'—a splendid word. Meaning what?

Dr Morauta—As soon as we could.

Senator CROWLEY—Yes indeed. Give me a clue. Did you say that it was by 30 June or 1 June 2004 that they had to be cohabiting? A dangerous arrangement this. Co-location, I think you said, not cohabiting. I beg your pardon. If they are not co-locating by June—

Dr Morauta—By 30 June 2004.

Senator CROWLEY—If they promise to be there by the following week, would you agree to that? What if they are not co-located by 30 July?

Dr Morauta—Sorry, the date we are talking about is 1 June 2004; I had it wrong and Andrew has just corrected me.

Senator CROWLEY—That gives 30 days. I thought that was what was said but, never mind, I am happy to be corrected. If they are not in place within a month, will you start recouping your money?

Dr Morauta—The expectation is that we would do that, yes. I might point out that, at the moment, no payments have been made.

Senator CROWLEY—Sorry?

Dr Morauta—We have not made any payments to them yet at all.

Senator CROWLEY—No, but just following on from Senator McLucas's question, this is a very curious arrangement financially. If it is not, please tell me. It certainly seems to me to be curious to say, 'We are actually giving money to an organisation to buy a piece of land which we can describe for you to build a building that we cannot describe for you so that GP

organisations can co-locate on the fourth floor. We are pleased to presume that there are three floors below it, about which we do not have too much detail, but they will be allowed to lease them out.' This is a pretty brave guess, and you are saying, 'It is all right. We aren't too worried because we will be able to recoup that money if the criteria of the agreement are not met, which means co-location by 1 June 2004.' I am asking: what slippage will you give them before you start saying, 'Right, money back please?'

Dr Morauta—I think the terms of the contract are clear and, with legal advice, we will proceed according to the terms of the contract.

Senator CROWLEY—I am glad they are clear. If they are clear, you should be able to tell me clearly when you will start proceeding against them.

Ms Halton—In respect of any contract that we hold with an organisation, it is incumbent on us under the obligations that we hold to ensure that the terms of that contract are executed. Clearly, if we were aware on 1 June 2004—I should not make the same mistake with the date—that the terms of the contract had not been satisfied, we would then move down a normal legal path either to have the issue rectified or to commence whatever action necessary to deal with it. Mr Stuart has outlined the nature of the security that would be held in respect of the property in Melbourne, I think he said, and the fact that the moneys for fit-out would not be advanced in the absence of a specified arrangement in respect of co-location. Yes, in any contract that is held by the department—and, indeed, if we think about it, all of us personally, be it for a bathroom renovation or whatever—we would take expeditious action if that contract were not discharged appropriately. It would be incumbent on the officers who were there at the time to move in that way. I cannot tell you, Senator, whether 1 June 2004 will be a Saturday or a Sunday.

Senator Patterson—I can tell you if you like.

Ms Halton—The minister is offering to look it up for you. I can tell you that officers of the department would move in a manner which was 'expeditious'—which I think was Dr Morauta's word.

Senator CROWLEY—Let us just presume for the purposes of continuing this dialogue that 1 June 2004 is a Sunday. First of all, one would say, 'Why on earth would you write a contract for a day when you do not expect anybody to be doing anything, least of all the department?' If that is the case, couldn't you actually say that you have written it for the first working day; after 1 June? I am not sure, but I presume that is your meaning. I do not know whether 1 June is a Saturday or a Sunday.

Ms Halton—My point to you, Senator, is merely that, at the first opportunity, we would move to ensure that the terms of contract were honoured. I would imagine that there would be a legal process we would have to go down—asking them to show cause et cetera. In the event that that was not delivered and we were not satisfied, we would then be able to invoke the penalty clauses of the contract.

Senator Patterson—The date of 1 June 2004 falls on a Tuesday, so we will have Monday to get ready for it.

Senator CROWLEY—That is fantastic. Thank you very much, Minister, that is of huge assistance to all of us.

Senator Patterson—It seems to be taking up an awful lot of estimates time. I know you must be waiting for Senator Evans to return, but are we going to go on about this until he comes back?

Senator WEST—No, we are not, Minister. We are going to progress very shortly.

Senator CROWLEY—These are not unreasonable questions about a pretty unusual arrangement. We just wish to be satisfied.

Senator Patterson—I hope that you are happy now that Tuesday, 1 June 2004 is a Tuesday.

Senator CROWLEY—I am really not troubled much one way or the other. Madam Secretary actually first proposed the concern about the day of the week that these would be.

Ms Halton—My point was merely that we would move at the first available opportunity to ensure that the contract was honoured.

Senator CROWLEY—I understood you to say 'We would take steps to rectify' and I wanted to know whether you meant by that that if the contract had not been fulfilled that you would say, 'Okay, there is a period of grace; get that done within a week. Get your co-locating tenants in or GP people in within a week or we will start the legal procedures.'

Ms Halton—Exactly. The reality is, as Mr Stuart has outlined to you, that there are a number of progress elements in respect of the contract. These include the provision of security in Melbourne and the fact that payment in respect of fit-out is not to be made until there is an agreement with relevant organisations. And, whilst Senator Patterson says that we would have the Monday to get ready, the reality is of course that we would have some considerable time to get ready. This is not a project that would remain unmonitored until the Monday; this is a project that would be monitored throughout its discharge. In the event that there was not satisfactory progress, we would be issuing warnings to the organisation that in the event that they did not deliver in the time frame we would be obliged to take action.

Senator CROWLEY—We shall watch with interest. Thank you.

Senator HERRON—I want to come back to the suicide issue. The ABS special article on suicide says:

> The number of deaths in Australia attributed to suicide rose from 2,197 in 1988 to 2,723 in 1997, an increase of 24% over the 10 year period.

We are obviously talking about a different document from the one you referred to. So could you give me that document?

Mr Casey—The document that I am referring to is by the Australian Bureau of Statistics—*Causes of Death 2000* and *Deaths 2000*.

Senator HERRON—You said that it should be available on the web page. The only one available on the web page is this one entitled *Special Article—Suicide (Year Book Australia, 2000)* where it says that the number of deaths attributed to suicide rose from 2000. That is why I picked you up on the significance of those figures that you gave. There must be a different article you are referring to. I think it will probably clear it up if you just let me know the name of that document that you are referring to. Just read the name of the document into the record and I will chase it up.

Mr Casey—It is *Causes of Death, Australia, 2000 Australian Bureau of Statistics. 3303.0*

Senator HERRON—Thank you very much.

Dr Morauta—We have got one catch-up piece of information here. We were asked the question: did the government make any announcements about GP House? Mr Stuart can respond.

Mr Stuart—The government first made clear the measure in the Mid-year Economic Fiscal Outlook document which was released in October 2001. I am referring to page 31 of that document. There was also an article in *Australian Doctor* of 9 November, which was a public feature on the issue.

Senator WEST—The fiscal outlook document came down just before the Charter of Budget Honesty, didn't it, or was it the day before?

Dr Morauta—We think it was the beginning of October, Senator.

Senator WEST—Okay. I can find the date out. Is that where the public pronouncements of it were?

Mr Stuart—There was a public reference to it in this document and an article in *Australian Doctor*.

Senator WEST—And no press release from the minister?

Mr Stuart—No. There was a letter to the RACGP.

Senator WEST—I see. Thank you.

ACTING CHAIR—Are we ready to move to outcome 5?

Senator WEST—Did somebody come back when I was not here with dates about the departmental policy document *Meeting the health and aged care needs* that was leaked?

Dr Wooding—You asked about that document. Most of the information I can give you we previously provided in answer to a question by you in the Senate on 26 September. That document, which I think was leaked around that date, was an internal departmental document. It had no official status. It was prepared within the department, within my division. Basically, as was pointed out in the answer given on 26 September by Senator Vanstone, it was part of the routine process within the department where we consider options for varying or extending government policy, for example, through new policy measures.

Senator WEST—So it was from within the department and departmental resources were involved?

Dr Wooding—Yes.

Senator WEST—Did you do it at your own initiative or was it requested by the minister or his office?

Dr Wooding—It would have been at our own initiative. We are always working on documents of that type. It was a working document. There is an ongoing process within the department of looking at possible new measures and new initiatives and that document was sort of a collation of a number of those.

Senator WEST—How long did it take to put together?

Dr Wooding—A document of that type typically would take just a few days of a few officers' time. I did a quick calculation that several officers working on it might be the equivalent of five days full-time work for one officer, or something like that. We were calling for information from across the department, so there were a lot of people involved.

Senator WEST—What was the role of the minister and/or his office in this document?

Dr Wooding—As was said on 26 September by Senator Vanstone on the minister's behalf, the document had not been formally considered by the government at that time. So it was an internal working document of the department.

Senator WEST—There was no request from the minister's office to compile this? There was no request for input from the minister's office into it?

Dr Wooding—It was an internal working document.

Senator WEST—What was the method used to arrive at the costings involved?

Dr Wooding—We do internal costings. We have basically our own experience, information and data to look at costings of that type. However, as was pointed out in the answer from Senator Vanstone on 26 September, any formal costings within government need to be examined in conjunction with the department of finance.

Senator WEST—Did Finance or Treasury have any role in those costings?

Dr Wooding—No, this was an internal working document.

Senator WEST—How much money was spent on investigating the leaking of this document?

Dr Wooding—That is not my area. That is an area for another part of the department. I will take it on notice on their behalf.

Senator WEST—And what was the outcome of that investigation?

Dr Wooding—I would have to take that on notice as well.

Senator WEST—The document identifies the widespread evasion of tobacco excise amounting to $600 million a year. What action has the department taken to draw this situation to the government's attention and to crack down on this illegal activity?

Dr Wooding—That is a question under outcome 1.

Senator WEST—If you have drawn the government's attention to this, what is the government doing?

Dr Wooding—We will have to wait until officers from outcome 1 are here to address that question to them. I will alert them to that.

Senator WEST—The document highlights the need to spend $2.4 million per annum to ensure appropriate expert capacity to cope with threats from BSE, CJD and related blood borne transmissible spongiform diseases. What has the department done to provide these resources? Is Australia at risk because the government has not acted on this identifiable risk? Is this a question for your area or for outcome 1?

Dr Wooding—That is a question for outcome 1, but I certainly think that we are acting on those issues.

Senator WEST—The report identified also the need to spend up to $240 million a year to assist older people with dental care costs. This raises a major difference of view with the former minister, who rejected any Commonwealth involvement in dental care. Does the government not accept the view that the Commonwealth does have a role in this?

Dr Wooding—As I said, this is not a document that was formally considered by the government in any way.

Senator WEST—Minister, do you think that the Commonwealth has a role in the provision of dental care?

Senator Patterson—The states have had responsibility for dental care since 1901.

Senator WEST—There was a period of time when there was Commonwealth involvement.

Senator Patterson—Yes, there was a period of time—the 1993 election—when Mr Keating allocated $100 million over the next three or four years. It was time limited. I will stand corrected; I think it is the only time the Commonwealth has been involved.

Senator WEST—So you do not think that the Commonwealth has a role in answering this identified need for the spending of $240 million a year to assist older people with dental care needs or are you going to review the situation?

Senator Patterson—States have had the responsibility for dental care since 1901.

Senator WEST—Are you perhaps going to look at this in the budget context or are you not going to look at this issue again?

Senator Patterson—Senator West, as I said to you, the states have had the responsibility for dental health since 1901. State health ministers have responsibility to deal with the issue of dental health in their states.

Senator WEST—Are you saying the Commonwealth has no role in this and you not going to even investigate the possibility of changing or reinstituting a program that had helped reduce the waiting lists?

Senator Patterson—States have the responsibility for dental programs, Senator West.

Senator CROWLEY—Is it not true that states used to bear responsibility for immunisation and that, when it became clear to the Commonwealth that the states were falling down on that job, a partnership arrangement seemed to be a good way to proceed?

Senator Patterson—I am not going to comment on immunisation. Senator West was asking me questions about dental health.

Senator WEST—I think the short answer, Senator Crowley, is that the Commonwealth does not think it has any role now or in the future.

Senator CROWLEY—Are there any agreements where you, the Commonwealth, look at health status indicators like, for example, the state of dentistry or teeth needs?

Senator WEST—And the nutritional state of the population, which can be affected quite badly by poor dental health.

Senator CROWLEY—Under the public health agreements, for example, or any other general health criteria?

Senator Patterson—The National Health and Medical Research Council—although the minister does not have the right to direct where they direct their research—is considering funding research into various oral health issues with an indicative budget of $1.5 million.

Senator CROWLEY—Thank you, that is really very helpful, Minister. Has that allocation been made or is it about to be made?

Senator Patterson—They were considering it, but it is a decision of the NHMRC. I will stand corrected, but I believe I am not in a position to direct the NHMRC in where they

allocate their funding for research. I am just making a statement about what they are considering; I do not administer the right to direct them.

Senator CROWLEY—It is extremely helpful to know that. While you would not necessarily be directing them, I would have thought that examples from times past would suggest that the NHMRC has been pleased to assist when ministers have actually raised areas of concern, especially if they have money to assist people to be more interested in it. It is different from directing them, but I think that ministers have asked if the NHMRC could look at things, which I suppose is different from directing. But I am more interested in whether the department has any other way, apart from possible research that the NHMRC may not be directed to do. You have mission statements about the health and status of the people of Australia, for example. If you found that the states were failing badly in measuring up in basic health standards, do you have an opportunity under the mission statement to look at how to address it?

Ms Halton—I am advised that there is a national advisory committee on oral health which has terms of reference which state 'to guide and coordinate the development of a national oral health program and to oversee its implementation, monitoring and evaluation'. That is clearly a creature of the states because, as the minister has pointed out, it is the responsibility of the states. Yes, my advice is that the Commonwealth did agree in November last year to participate in that committee. Clearly, that would give us an opportunity to monitor and participate in any discussions in the area. That has to be seen in the framework that the minister has outlined, which is that responsibility in this respect is that of the states; but yes, we are having a dialogue. To say that we have done nothing in this area is a little too bald. The reality is that we operate in this area in a way which is appropriate, consistent with our role and consistent with our interest in ensuring that things are progressed nationally. Hence our willingness to cooperate in this arrangement and in areas of particular interest and/or need. The minister has outlined to you things that might be considered by the NHMRC as an example of that.

ACTING CHAIR (Senator Tchen)—I think this falls within the ambit of outcome 1 and we may have the opportunity to discuss that later.

Senator CROWLEY—Yes, we will.

ACTING CHAIR—Can I suggest that, if we have no further questions on outcome 4, we start on outcome 5, because Senator Harradine has a number of questions that he wants to ask. If you have no objection—because he is moving between committees—perhaps he can ask his questions first and then we can carry on from then.

Senator HERRON—In relation to suicide, again, just to pursue that even further, because there was a disparity between what I saw on the ABS figures—

Senator CROWLEY—This committee tries to be as reasonable as it can. There has been a long practice which says members of the committee should be entitled to ask their questions first and ring-ins like me and you—

Senator HERRON—I am on the committee.

Senator CROWLEY—I am sorry, I had not appreciated that—that Senator Harradine and me go after the other senators unless the other senators are prepared to vacate the floor.

ACTING CHAIR—I am aware of that. I was just asking you whether you were prepared to exercise your indulgence and let Senator Harradine ask his questions first.

Senator CROWLEY—Do not challenge me, Senator. Indulgence I do not like. I am not sure that I am even qualified to exercise it. How long will you be, Senator Harradine?

Senator HARRADINE—The department is aware of the nature of the questions which are to be asked on behalf of the Zeehan community, who are likely to be without a doctor. They are an isolated region, and that is why I wanted to get this in.

Senator CROWLEY—Please go ahead.

Senator HERRON—Perhaps I can just finish this off. I have looked at the document that the office have provided and the suicide page on ABS. There is a disparity in the observations and I think we should clarify that for the purposes of *Hansard*. I ask Mr Casey to elaborate on that in his interpretation of the ABS figures in relation to suicide. I made the observation that if the statement is correct that is enormously significant in relation to suicide in Australia. I think it is open to interpretation that it is not as clear-cut as it would have appeared to have been. Mr Casey might like to perhaps modify his previous statement.

Mr Casey—Thank you, Senator. I did not want to mislead Senator Gibbs in relation to her question. It might be helpful for me to quote from the ABS book:

> In 2000 there were 2,363 deaths attributed to intentional self-harm suicide, 5.2 per cent lower than the 1999 figure and 13 per cent lower than the record 2,723 deaths registered in 1997.

I think the point that Senator Herron is making, on which I might have mislead you, is that the rate of suicide over the whole population, according to the ABS, is back to where it was in the year 1990.

Senator HERRON—And, in fact, it has increased over a 10-year period but not statistically significantly so. So there has been no change, basically. I think we can find that on that other webpage which is accessible to us. There has been a temporary—one would hope it is permanent—decrease which is not statistically significant; that would be my interpretation of it anyway.

ACTING CHAIR—Senator Harradine, would you fire away please, with the committee's indulgence.

Senator HARRADINE—I want to ask the department about the situation in Zeehan which, as you would know, is a remote area of western Tasmania. The people of Zeehan are very concerned that they may lose their doctor because of the fact that the doctor will lose his registration at the end of this month as he has not passed a specific Medical Council examination. This doctor originally trained and practised in Poland and is now an Australian citizen. He has served the remote community for five years. What is the process and what are the rules applying that allow overseas trained doctors to gain qualifications to practise in Australia?

Mr Wells—There are two strands, if you like, of overseas trained doctors. There are those who come here for a temporary purpose. They are registered by their state medical board—and registration of doctors to practice is a state responsibility; the Commonwealth has no say in that whatsoever—usually to practice in the town or location for the specific period of time for which they are recruited. Overseas trained doctors who are permanent residents in Australia go through a process conducted by the Australian Medical Council, which is an independent body. There are two stages in that process. The first stage is to pass a multiple-choice questionnaire, which is a written test. The second stage of that is to undertake a clinical assessment process. They are the processes that doctors go through. I could give you a bit more background on the Zeehan matter, if you wish. Would you like me to go on?

Senator HARRADINE—Yes.

Mr Wells—Zeehan is a town which, for Medicare arrangements, is recognised as a district of work force shortage. Therefore, it is possible for that town to recruit a temporary resident doctor from overseas and—if that doctor gains state medical board registration—for that doctor to gain access to Medicare. In the case of the doctor currently at Zeehan, that doctor has been practising at Zeehan since 1996 as a temporary doctor under those arrangements I just described. We are advised that the doctor has not met certain requirements which the state Medical Board has for him to continue to be registered and that that doctor's registration will expire at the end of this month. That is a decision of the Medical Board. The Zeehan community is eligible to recruit another overseas trained doctor and that doctor will be able to practise in Zeehan and access Medicare.

There is also a scheme which the Commonwealth and the states have agreed to in recent years. It allows doctors who are already qualified as general practitioners from another country, or who would be near that standard, to be recruited. Streamlined immigration arrangements are made in terms of residency for those doctors to be recruited and to practise in these communities. That is an option that is available. For Tasmania, Zeehan is one of the communities identified as eligible to participate in that scheme. And, for Tasmania, the recruitment processes are conducted by the Tasmanian general practice divisions, which is a company set up by the divisions of general practice specifically for the purpose of recruiting doctors to difficult or remote communities such as Zeehan.

Dr Morauta—There is another service also available in Zeehan. I understand that the Rural Women's GP Program currently has a female doctor providing a visiting service in Zeehan.

Mr Wells—That is right. Further, there are doctors in neighbouring towns—Roseberry, Queenstown and Strahan. I understand the department has advice—provided from Tasmania—that there are two full-time doctors in Roseberry and that those doctors, we understand, have been willing in the past to provide services in Zeehan. We do not know whether that is still the case, but that is a matter that is being explored—whether those doctors are able and still willing to come and assist in filling the gap.

Senator HARRADINE—Yes, I understand that, but the terrain is a bit crook, and if you are really crook you prefer to have a doctor in your own place.

Mr Wells—I am suggesting that those doctors would actually run clinics in Zeehan.

Senator HARRADINE—Yes. I will ask a question about the new initiative. You mentioned a new initiative—it is a new initiative, isn't it?—about overseas trained doctors being able to apply for rural work force placement for a period of five years.

Mr Wells—Yes. That scheme was introduced in 1999 by agreement between the Commonwealth and the states. The framework for that scheme allows overseas trained doctors with general practice qualifications who seek or possess permanent residency to be assessed by the RACGP—the Royal Australian College of General Practitioners—and they can thereby bypass the process for the Australian Medical Council which I described.

Senator HARRADINE—That is right. When I said 'new' I meant since—

Mr Wells—Since the doctor who is there now.

Senator HARRADINE—Since Dr Sendecki arrived in 1996.

Mr Wells—Yes, that scheme was introduced in 1999.

Mr HARDGRAVE—Doesn't that doctor get registration at the end of five years?

Mr Wells—The scheme for general practitioners?

Senator HARRADINE—Yes.

Mr Wells—Before they can enter that scheme, those doctors have to have a qualification which is acceptable to the College of General Practitioners.

Senator HARRADINE—Yes.

Mr Wells—I understand that the doctor currently at Zeehan does not have such a qualification.

Senator HARRADINE—One that is acceptable to the RACGP?

Mr Wells—That is right.

Senator DENMAN—I have had numerous phone calls—and probably Senator Harradine has too—about this issue. I think, Senator Harradine, we might find that one of the problems is the isolation of that area—

Senator HARRADINE—That is right.

Senator DENMAN—That particular doctor you speak of has sat the exam a number of times and has not met the criteria. I think one of the issues was language at one stage.

Mr Wells—I am unable to go into the details because I do not have them. This is not the Commonwealth department which conducts these examinations or these processes. But my understanding is that the doctor has not met the requirements of the College of General Practitioners.

Senator DENMAN—That is right.

Senator HARRADINE—Is that your understanding?

Mr Wells—That is the advice I have, that the doctor has not met those—

Senator HARRADINE—He has failed the particular examination of the Medical Council, although he was a qualified overseas doctor?

Mr Wells—I am not commenting on whether this doctor has passed or failed examinations. I have described the process by which people with overseas qualifications can enter practice in Australia, and the advice I have is that the doctor has not met the requirements of those processes and that the Medical Registration Board believes the doctor should not be able to practise. Therefore, he will not be able to practise in that town after the end of this month.

Senator HARRADINE—Why doesn't the new initiative apply to him? The Zeehan medical union and the Zeehan community in general are very keen to retain his services. They clearly have been satisfied with them.

Mr Wells—In order to meet the requirements of the new scheme, the one for general practitioners, the doctor would need to meet a standard set by the College of General Practitioners. My advice is that he has not met that standard.

Senator HARRADINE—Under the new initiative, if I have it right, an overseas trained doctor can apply for rural work force placement for a period of five years in a recognised area of need, which Zeehan is, and is given full registration at the conclusion of that term.

Mr Wells—The missing bit from that information is that the doctor has to be assessed by the College of General Practitioners as of an appropriate standard for general practice. That is the bit that is missing in this case.

Senator HARRADINE—Does that doctor have to sit for an exam after five years? As I understood it, he is automatically registered after five years.

Mr Wells—That understanding is not correct. In order to practise anywhere in Australia at any time a doctor needs to be registered by the appropriate medical board. In Tasmania it is the Tasmanian Medical Board. No doctor can practice medicine in Tasmania who is not registered by the Medical Board. The various schemes we have are to facilitate the recruitment of overseas trained doctors and to give them access to Medicare, but they still have to meet the registration requirements of a state medical board. In relation to the five-year program we have been discussing, the agreement between the Commonwealth and the states is this: if a doctor can be recruited to an area such as Zeehan and the doctor is certified by the College of General Practitioners, that doctor will be registered by the medical board and will be able to practise in that town, and if after five years the doctor has continued to fulfil those requirements that doctor will then be able to practise freely anywhere without restriction.

Senator HARRADINE—So there is not much the Commonwealth can do to help this situation?

Mr Wells—Not in relation to the particular doctor. We can help the Tasmanian divisions of general practice or the Tasmanian state government, if they can recruit a doctor, to facilitate that doctor being able to come to Australia and to take up practice in Zeehan. We are unable to deal with the current situation of the current doctor in Zeehan. That is a matter for the Tasmanian Medical Board. We cannot direct or persuade the Medical Board on the registration of that doctor. That is a responsibility of the Medical Board under the Tasmanian medical registration legislation. We cannot prevent the Tasmanian board removing that doctor's right to practise.

Senator WEST—I would like to return to rural doctor numbers, one of my favour subjects. I did give warning in my address-in-reply speech that I would want to know more precise details, such as the equivalents over the range of the categorisations.

Mr Stuart—Thank you for flagging your interest in this issue before the hearing. I table a document which repeats for the most recent year the advice that the department provided you for last year.

Senator WEST—What has been the result of that?

Mr Stuart—The table shows that the number of GPs has increased, last year on the year before, by 2.5 per cent in rural and remote areas. The full-time workload equivalents has increased by 4.3 per cent, last year over the year before.

Senator WEST—There are something like five categorisations here, but you talk only of rural and remote. You still have not broken them down, as you have in previous years, into large rural, small rural, other rural, remote centre and other remote areas. That is the breakdown that I also need. This might tell me that there has been a large increase in the number of GPs in, say, large rural centres—I suspect they are doing okay—but what is happening in small rural, other rural and remote? When you gave me the answer to E082 following November 2000—I cannot remember whether I asked this in 2001; I will be disgusted with myself if I did not—but

Mr Stuart—We provided you with the data in the same format that it was tabled last year, but I do have additional information. The data show that small communities on the whole benefited more than others from the increase.

Senator WEST—Where are the shortfalls? Are you going to tell me that every one of those five categories has had an increase?

Mr Stuart—Over the period of the last three years, all of those categories have had an increase.

Senator WEST—Of how much?

Mr Stuart—Looking at what I have readily to hand and comparing full-time workload equivalents between 1997-98 and 2000-01: large rural centres had 1.9 per cent growth; small rural centres had 6.1 per cent growth; other rural areas had 6.1 per cent growth; and remote centres and other remote areas taken together had 3.1 per cent growth. They are quite small numbers because of the small populations in those areas.

Senator WEST—In population terms they were 240 to 250 people.

Mr Stuart—For remote centres there has been consistent numbers across the years. Other remote areas has grown from 136 to 145 GPs. I do not have the percentage in front of me.

Senator WEST—When did you have 136?

Mr Stuart—In 1997-98.

Senator WEST—On no table that I have here from 1997-98 can I see 136. Would you like to take the figures back and look at the answer you gave me on page CA77 of *Hansard* of 22 November 2001? There are three tables in that answer. The question is E082. You have three tables there.

Mr Stuart—This would have been 2001, Senator?

Senator WEST—Sorry, November 2000, because for full-time equivalents medical practitioners billing Medicare by region: in 1997-98 you have got large rural centre, 946; the next one is 930; the next one is 1470; the next one is 121 and the other remote areas is 131.

Mr Stuart—You have 131 where I said 136. This is data for the same period but more recently analysed, so I am happy to stand by the numbers I have just given you.

Senator WEST—What I would like you to do is take it on notice and replicate those—that will be now four years, five years, whatever it is—tables and bring them up to date, please.

Mr Stuart—I will take that on notice.

Senator WEST—I am happy for that to go on notice because this is an important issue. It is fine to say that we have had an increase in the number of doctors in rural areas, but unless we actually see significant numbers working full-time equivalent, see that increase in a significant way, we are not actually—

Mr Stuart—In this case the growth in full-time workload equivalents has been greater than the growth in GP numbers. I understand in the past it has been the other way round.

Senator WEST—Yes. I am interested to have that table to do some comparative work, because this becomes a very important issue as to how well we are doing in attracting doctors to rural areas and overcoming this particular problem. Also, I would like one done similarly to follow up my question E083 of the same year, which actually related to vocationally registered general practice registrars and other nonspecialist medical practitioners, because

they will give us a greater comprehension of what the situation really is. How many doctors have been allowed to come to Australia under the temporary resident doctors permit? I am also interested in the number that have migrated to Australia over the last five years who have got vocational recognition.

Ms Cobbold—I am sorry, I did not catch the question—it was something to do with overseas trained temporary resident doctors—so could you repeat it, please?

Senator WEST—That is right, yes. How many have been allowed to come to Australia to practise in rural areas?

Ms Cobbold—In which period? We have some figures in relation to overseas trained doctors and some figures in relation to temporary—

Senator WEST—I am going to want to do both, but at this stage I would like to do the temporary resident doctors only.

Ms Cobbold—The figures I can give you relate to temporary resident doctors who obtain an exemption to work in districts of work force shortage. The number of doctors granted exemptions in the year 2000-01 is about 2,473. That is the number of exemptions, and so the approximate number of temporary resident doctors in that year was 758. The discrepancy arises, of course, from the fact that temporary resident doctors are frequently, over the course of a year, operating for varying periods of time in different locations. So we estimate that the approximate number of temporary resident doctors in 2000-01 was 758.

Senator WEST—How many of those are in rural areas?

Ms Cobbold—All of them. They are only granted approvals to work in districts of work force shortage.

Senator WEST—So none of them are not working in a rural and remote area?

Ms Cobbold—They are districts of work force shortage. There are a minute number on occasion where it is not a rural area, but overwhelmingly they are rural areas.

Senator WEST—Aren't there some areas of outer metropolitan Sydney that are—

Mr SWAN—Not for temporary resident doctors under districts of work force shortage, as far as I am aware. But I will clarify that, Senator.

Senator WEST—Yes, please. I would hate to do a disservice.

Ms Cobbold—I should emphasise that some doctors with specialist qualifications are able to practise in metropolitan areas because, of course, there are shortages of some specialists in metropolitan areas. But, in relation to general practitioners, overwhelmingly it is rural and remote areas.

Senator WEST—Are any of these specialists coming to rural areas? How many of them are specialists? If you have got 758 GPs—

Ms Cobbold—That is 758 temporary resident doctors. Not too many specialists are temporary resident doctors. They are more likely to be overseas trained doctors.

Senator WEST—What about those who are coming here on some sort of temporary visa and are working in teaching hospitals doing their FRACS, or some of those specialty areas?

Ms Cobbold—They would normally be in a training position and on a salary in the hospital and would not be getting a specific exemption. They may be part of the class exemption for those kinds of doctors, but they do not seek the individual exemption.

Mr Stuart—It is interesting to note that the proportion of Australian graduates in rural and metropolitan areas is broadly the same, at about 72 per cent.

Senator WEST—Does that vary from state to state or from rural category to rural category?

Mr Stuart—I do not have that—

Senator WEST—I do not expect you to give me that knowledge off the top of your head. But it just strikes me that in some areas you have a greater number of overseas trained doctors than in other areas. When I look at a place like Bathurst—I presume that comes under 'large rural centre'—all the names seem to be pretty much white, Anglo-Saxon Celtic names. When I go to some of the smaller places, they seem to be names that are of origins other than white, Anglo-Saxon Celtic. I am just wondering if you have got that sort of breakdown. How many doctors have migrated to Australia under schemes to permit permanent migration for vocationally recognised doctors prepared to commit five years to the designated rural area?

Ms Cobbold—I will try and find the relevant information for that. Those schemes have been in operation in the states for varying periods of time. The scheme was agreed by health ministers in 1999, but different states have introduced it at different times. I do not have that information with me. I can either take it on notice or, if you give me a moment, go and get the papers.

Senator WEST—I will take it on notice, because otherwise we will be here until two o'clock in the morning—and none of us want to be here then. How many overseas trained doctors resident in Australia have been given permission to practise in rural or remote areas through an exemption or waiver of the requirement that they achieve full qualification through the AMC examination process? Are there any?

Ms Cobbold—They are the temporary resident doctors who are on occasions granted conditional registration. But I think I have answered that one already.

Senator WEST—There are no doctors that have been granted any waiver, if they going to try and be permanent—

Ms Cobbold—If they are going to be permanent residents, they need to obtain registration through the AMC.

Senator WEST—Is this the appropriate spot to ask about RAMUS? If my memory serves me correctly, this is the scholarship of $10,000 a year given to undergraduate medical students, plus a number that go to a certain number of indigenous students? Am I correct?

Ms King—You are correct, the scholarship is for undergraduate medical students. There is no specific split between indigenous applicants and other applicants. The applicants all apply for the same program.

Senator WEST—There is something in the back of my mind that says there are 100 new scholarships a year—is that right?—or is it 100 scholarships a year with an additional 10, 20 or 30 that were for—

Mr Stuart—That may be undergraduate nursing, Senator.

Senator WEST—I will stand corrected on that—I am dredging the brain here. What is the number of RAMUS scholarships for the last calendar year?

Ms King—My understanding is that it was 100 scholarships last year.

Senator WEST—How many of those were students who had received the scholarships in the previous years?

Ms King—They were new scholarships.

Senator WEST—Were they all first-year students or were there some that were second-year?

Ms King—The scholarships were spread over the full amount of years that students go through a medical course. It could be four years, it could be six years—or five years.

Senator WEST—You said there were 100 new ones last year? Does this mean that each year students have to reapply or can they be successful in year one and get the tick to go all the way through?

Ms King—Once an applicant is successful, they are successful for the years that they go through the medical course, but new applicants apply each year for the new scholarships that are available.

Senator WEST—So 100 new ones applied last year?

Ms King—A hundred new ones were successful last year.

Senator WEST—Sorry, successful. How many applied last year?

Ms King—I don't have the numbers of applications.

Senator WEST—Can I have that on notice, please? How many were carryovers from the previous years?

Ms King—We have 500 scholarships available over all years. If we had 100 new ones last year, I think it is correct to assume that we had 400 ongoing.

Senator WEST—There will be another 100 new ones this year?

Ms King—There will be 80 new ones this year.

Senator WEST—Why is that?

Ms King—We balance the number of applicants coming in with the number of students who finish their degree, and it goes up and down a little bit, depending on those numbers, each year.

Senator WEST—Is there anything in the criteria that goes to academic record?

Ms King—Not specifically, no.

Senator WEST—How long would somebody be on a RAMUS scholarship to get their degree?

Ms King—We haven't been tested on that, Senator.

Senator WEST—Am I correct in saying that, once a student is successful in obtaining a RAMUS scholarship, they are in receipt of that scholarship until they complete their degree?

Ms King—That is correct.

Senator WEST—What if they fail several subjects and they take three or four extra years—or two extra years—to complete their degree? Do they remain in receipt of that RAMUS scholarship?

Ms King—I am not sure of the details around their progress through the medical school. I would suspect that if we had an issue we would need to talk to the medical school about it. It

has not been an issue to date because we have not had scholars go through the program for more than the period of time that it would take to get through the medical school training. So we have not been aware of a case like that to date. If I could take that on notice, I will check it.

Senator WEST—I would urge you to do so, because I have had a complaint from a med student. They were unsuccessful in their application for a RAMUS scholarship last year. They fulfilled the criteria and lived in the bush for 14 or 15 years of their 18 or 19 years. She or he has worked very diligently and very hard in the past, but has observed the RAMUS scholarship people not doing as much as their peers, who have a bit more of a financial incentive to actually knuckle down and spend many hours in the anatomy lab. I am wondering whether there is anything in the guidelines or the criteria that indicates that there has to be a satisfactory academic standard reached—by that I mean passing each of their subjects each year and going through to the next year without having to make up an extra year or half year or something like that.

Mr Stuart—We have agreed to take that issue on notice. Of course, there are academic standards for students to meet to remain on the academic program.

Senator WEST—At the university.

Mr Stuart—As distinct from that, we have taken on notice the conditions around the RAMUS scholarships.

Senator WEST—Whilst there are conditions for them to remain at university, that does give them some leeway to not pass each year completely.

Senator Patterson—Senator, with due respect, I am not sure—and I can be corrected on this—that there is a university medical school that permits someone to do that, unless they have a science degree and they are doing a combined year. I think there is a requirement, unlike some other subjects, that you have to complete the full year. I do not know if there is any—

Senator WEST—That is the question I am asking: have you looked at those requirements and tailored the RAMUS appropriately? What happens if somebody does two years and gets booted out? They had a great time in terms of—

Senator Patterson—That is a slightly different question from the one you were asking before.

Senator WEST—Yes, but it is a concern. What happens to these students who are not meeting the academic standards?

Senator Patterson—So you are asking whether there is any financial requirement—

Senator WEST—A penalty?

Senator Patterson—to repay at the HECS level those two years? Is that the question you are asking?

Senator WEST—That is another question as well. As I said, a student I know saw others in his or her year who were not working as hard as some of the others and they were laughing and saying, 'Oh, well, I've got an extra year. It doesn't matter if I do it in five years or six years; I can do it in seven because I've got this scholarship.'

Senator Patterson—If that is the case, that concerns me.

Senator WEST—It concerns me, too, Minister.

Senator Patterson—But you always have to be careful. Sometimes you have to take with some grain of salt what some students say about what other students do.

Senator WEST—I know that.

Senator Patterson—Having lived with students for seven years and having taught for 11, I would be very careful about what students say about what other students do. I will look into it. I personally would think that there ought to be some obligation on the student, and I will have a look at that.

Senator WEST—I would appreciate it if you did. Because there are only a limited number of these, I want to make sure that we are getting value for money. If we have people who are spending a couple of extra nights out at the union bar—

Senator Patterson—They might be capable of being out at the union bar and still passing. There are students like that as well.

Senator WEST—Yes, I know.

Senator Patterson—Others like us had to struggle.

Senator WEST—I am aware of all these variations, but I would appreciate somebody having a look at it and getting back to me with what the guidelines are and whether anyone has put any requirements in there.

Ms King—If a student fails their exams and does not proceed on to the next year, we review their scholarship. But, within that spectrum, how well they are doing is something that we will take on board.

Senator WEST—I am not interested in how well. What I was trying to get at was whether you were monitoring the progress of that student and, if you review it and you take them off it and they successfully complete the next year, whether they have a chance to go back on RAMUS or whether they automatically go back—all those sorts of questions flying off from that. I would appreciate information on that.

Prof. Smallwood—As someone who has spent quite a lot of time dealing with students, satisfactory and unsatisfactory, over recent years, I think what goes on at the University of Melbourne medical school in general for students who have failed a subject is that they come before a committee to look at their performance and why they have failed a subject. It does mean that if they fail a subject they repeat the year. If they have spent all their time in the pub over the road then the chances are they will be tipped out. So that is the general framework in which these students would be appraised.

Senator WEST—I know they have got a tough course to do. But I have just had a comment made to me by a medical student who is again applying for RAMUS and there was just a bit of, 'I worked a lot harder than that person and I didn't get a RAMUS scholarship and I have got better grades'—and it is not Melbourne University, either. So I would appreciate it if somebody can satisfy my mind that, when the legislation and the regulations were being drawn up, this particular issue was covered.

Prof. Smallwood—As you will appreciate, there is enormous variation in the way students apply themselves to the year's work.

Senator WEST—Oh, yes—and some of them have more ability to do it in the last 10 days than others. I recognise that and I appreciate that. I would just appreciate having that checked

out for us please. The rural nursing scholarship has been extended, I take it. There are some 30 additional places.

Mr Eccles—You asked about the undergraduate nursing scholarship. You were right. There were originally 110, with 10 indigenous ones. There was an overwhelming level of interest and the Royal College of Nursing approached us to see whether there was the possibility of some additional funding. We were able to work with that and subsequently an announcement of an additional 30 was made.

Senator WEST—With both this scholarship and the RAMUS scholarship, when will the 2002 successful applicants be notified or be announced?

Mr Eccles—I am just advised that it is March for RAMUS. The successful nursing undergraduate scholarships, I understand, have been advised and all of those have provided information to the college of nursing demonstrating that they have been accepted into a nursing course.

Senator WEST—So last year were the RAMUS scholarships announced and awarded in March? When were last year's RAMUS scholarships announced?

Mr Stuart—I am not immediately aware of what happened last year. We can take that on notice if you wish.

Senator WEST—I would very much like it because I doubt that you are going to make March this year with them. I think it is later on in the year; May rings a bell in my mind. Anyway, I will leave it at that. Any idea of the number of the take-up of nursing into higher institutions this year and the sorts of UAIs or equivalents that are being—

Ms Cobbold—The numbers for this year are not available as yet. Universities do not conduct their census and provide that information until later in the year. May is the census date on which they do that. I do have some numbers in relation to last year if that is of interest to the senator, but I do not have this year's; nor will information about UAI and other entrance scores be available for some time to the department of education and science.

Senator WEST—I will put that on notice. It will surprise you, though it is anecdotal, to hear the information that in one regional university on the second round the UAI was 87, which is a very high UAI. It is great for the nursing profession, but it is not good for those trying to get in. I turn to small rural hospitals. I understand that there was $41 million allocated in the 2000-01 budget for assistance to small rural private hospitals.

Mr Wells—I will confirm that shortly, Senator, when I get my brief. We are a bit ahead of ourselves: that is outcome 8.

Senator WEST—Is it? I have forewarned you, haven't I? I will deal with small rural hospitals in outcome 8 then. I have completed my questions on outcome 5.

CHAIR—Are there any further questions on outcome 5?

Senator DENMAN—Yes, I have a couple. I noticed on page 9 of the portfolio additional estimates statements that there has been a reduction in the rural health allocation of $3,280,000. Can you explain to me which services will be affected by this reduction?

Mr Eccles—That reduction reflects the money from the medical specialist outreach assistance program that was discussed earlier today, offset by $1 million, with an extra $1 million to be provided to the Royal Flying Doctor Service. It is the 4 minus 1; that is the $3 million.

Senator DENMAN—Are you telling me there are not going to be specific areas affected?

Mr Eccles—No, Senator, it resulted from difficulties we had in progressing that program. No-one will miss out because of that.

Senator DENMAN—Thank you.

Senator McLUCAS—The Prime Minister has announced an inquiry into the issue of the Trade Practices Act's implications on rural GPs. The committee was to hold hearings. Can you give me an update on that?

Mr Wells—Yes. That review commenced in about September-October last year. The review advertised a call for submissions, received a number of submissions and considered those. The review is currently undertaking a process of consultation in rural areas around Australia. I do not have the detail of exactly where they have been, but I can get those details on notice if you want. They are due to report at about the end of May this year.

Senator McLUCAS—Can you tell me how many submissions there were to the inquiry?

Mr Wells—I would have to ask the inquiry; I can do that and take that on notice. I am told there were 146.

Senator McLUCAS—One hundred and forty-six? In terms of a breakdown of the groups that those submissions came from—this is possibly something that wonderful woman behind you cannot do—can you tell me how many were from doctors, from the community in a general sense, from the medical profession and from outside of the medical profession?

Mr Wells—I cannot tell you that now. I will ask the inquiry and take it on notice.

Senator McLUCAS—I understand that the government provided financial assistance to GP organisations—at least, the Prime Minister announced that financial assistance would be made available to GP organisations to make submissions to the inquiry. Are you aware of that?

Mr Wells—I am not handling that, and I am not sure whether it is or it is not. Can I take that on notice?

Senator McLUCAS—Yes. In a media release from the Prime Minister on 29 August, he says:

The Government is also providing support for GP groups to submit applications to the ACCC ...

Mr Wells—That was a different process, and I am not sure whether that actually progressed.

Senator McLUCAS—You are not sure if that progressed?

Mr Wells—I will have to take that on notice. I have the feeling that those organisations might have decided not to proceed with an application to the ACCC. Can I take that on notice, Senator? I think there might be some conflicting information about that.

Senator McLUCAS—I am interested to know whether any GP organisations got any funding to make submissions to the ACCC.

Mr Wells—For authorisation?

Senator McLUCAS—For authorisation. Also, was there any opportunity for other types of organisations to also receive funding?

Dr Morauta—We will take that on notice. We do not seem to have the information here.

Senator McLUCAS—What was the consultation process? How were they advised? Those questions are premised on whether or not there was money actually spent. Has the AMA received funding to make submissions to the ACCC?

Mr Wells—Not that I am aware of, Senator. I will take it on notice, but I am not aware of any money for the AMA.

Senator McLUCAS—If funds were made available to either GP organisations, community organisations or whomever, how much were they and where did they come from?

Mr Wells—Okay.

Senator McLUCAS—Thank you.

CHAIR—There being no further questions on outcome 5, there has been a request that we break for a little longer this evening.

Senator McLUCAS—Excuse me, Chair, I have something to raise before the break. Earlier today I raised an issue about a proposed tropical health institute in Townsville. Can I be advised which outcome that comes under, please?

Dr Morauta—We have been hunting for it, and I do not believe we have quite nailed it yet. Does that bother you?

Senator McLUCAS—I will be here until 11 o'clock.

Mr Wells—I cannot take that now, but I will take that under outcome 9 later on.

Senator McLUCAS—Thank you.

Proceedings suspended from 6.32 p.m. to 7.54 p.m.

CHAIR—I understand that we have an answer to a question that was taken on notice during consideration of outcome 4.

Dr Morauta—The issue raised related to timing of decisions in relation to the after hours care services grants. I gave an answer that letters of commitment were sent out on 7 October 2001. The outstanding question was: when was policy approval given for that particular set of grants? The answer to that question is: the same day, 7 October 2001.

Senator WEST—That was very speedy.

Dr Morauta—The letters were all ready, Senator, and when the policy approval came through, we were able to send them out straight away.

[7.56 p.m.]

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

Senator WEST—Have we got all the answers yet to questions that we asked, or are there still questions outstanding on aged care?

CHAIR—I thought we had covered that this morning.

Senator WEST—I am interested to know how many of the 20-odd that are still outstanding relate to aged care.

Ms Murnane—I have just been advised, Senator, that there are 21 to come.

Senator WEST—Do they all relate to aged care?

Ms Murnane—My understanding is that they relate to aged care.

Senator WEST—So nothing has changed in aged care in terms of—

Ms Murnane—Yes.

Senator WEST—They were always the worst. I turn to the National Strategy for an Ageing Australia. I understand this was a strategy announced in 1998; is that correct?

Dr Graham—That would be correct.

Senator WEST—Since then what have we had released?

Dr Graham—Senator, we have had a number of background papers released over that period. First of all, there was the background paper, which was the overview paper of the issues for a national strategy. That was released in April 1999. In October 1999, there was a healthy ageing discussion paper, which related to aspects such as population health, nutrition and mental health. There was a paper released in November 1999, an independence and self-provision discussion paper. In November 1999, there was an employment for mature age workers issues paper on the issue of mature age work force. In May 2000, there was a world-class care discussion paper, which included aspects of health care and aged care; and in September 2000, a discussion paper was released for community discussion and input on attitudes, lifestyle and community support.

Senator WEST—However, this is not the strategy, is it?

Dr Graham—That was the lead-up to the strategy. The process was that a number of discussion papers in the four major theme areas were put out, including mature age work force, and that called for input from whoever had an interest in this area. Over 300 people put in submissions. That was then brought together as the national strategy, which had some release last year, but which was formally released by the minister last Sunday.

Senator WEST—Am I right in saying that it has no one time line, no agreed outcomes, no allocation of agreed responsibility, no allocation of funding that would enable the government to achieve any of the goals? Is that correct? Are they in there?

Dr Graham—It identifies the issues of an ageing society, it identifies a possible solution, it identifies the stakeholders who would have involvement in it. It would be incorrect to say that there are not activities planned; there are a number of activities that the government is planning, and also a number of activities that the government has done which are very consistent with the national strategy. So I think it is appropriate to say that the fact that the government worked together with consumers and industry to bring together the document which identified the issues has been a learning and education experience in itself. There are a number of activities already under way and, of course, there will be many more activities in the future.

Senator WEST—Where will I find the time lines?

Dr Graham—The national strategy is really the starting point of the process. I think there are two major issues around the national strategy: first of all, it is a whole of government approach to this issue; and, secondly, it does have a long time frame. So we are looking into the future as to how to respond to those issues.

Senator WEST—I am glad it has got a long time frame, because it has been going for four years now.

Dr Graham—We are basically looking to the middle of the next century, so the fact that it has taken two years to do a lot of homework—

Senator WEST—The middle of the next century?

Dr Graham—This century, and in the sense that 2050 is probably the outer limit, but we are planning issues around that time frame.

Senator WEST—That is a long time frame. I have never known a government department to be planning quite such a long time frame, but I congratulate you on actually having a long time frame. Are there any agreed outcomes in the strategy?

Dr Graham—The document, as it is at the moment, represents the input from over 300 organisations, groups and individuals who provided views on the national strategy. In terms of the outcomes, the minister has announced, in fact, in addition to what has already been done, that as a next step he will start a process of engagement of groups and people with interest around the country to identify the priorities.

Senator WEST—I wonder what happened in the six discussion papers and consultations. Didn't that undertake any of this?

Dr Graham—It did identify the issues, and the minister is very keen to seek the views of the community as they see the priorities. I think what the document has done is identify the map of the territory and the important issues, and now it is an appropriate step to identify what the community sees as the priorities and how to respond to those.

Senator WEST—How much money has the government allocated to this to date, starting back in the budget in 1998-99—was that the year?

Dr Graham—In 1997-98, which is when the planning started, $6,000 was used to start the process and develop the initial papers; in 1998-99, $23,000, in round terms; in 1999-2000, $188,000; in 2000-01, $64,000; and this year, up to this time, $78,000.

Senator WEST—That was not the question I asked. How much had been allocated in the budget? Am I right in saying there was $6 million over two years in 1998-99?

Dr Graham—I think it was $6.1 million allocated in—

Senator WEST—I understand that was in 2000-01.

Dr Graham—It was over four years, starting in 1999-2000. That money was—

Senator WEST—How much was that?

Dr Graham—It is about $1.5 million per year. That money is also to support the work of the Office for Older Australians, and there are a number of activities that are being supported by that.

Senator WEST—Let us go back to the first funding allocation. How much money was allocated in either 1997-98 or 1998-99, over a two-year period? Am I correct in saying it was $6 million?

Dr Graham—Yes. I would have to get a breakdown of the figures, Senator, but there was money for the International Year of Older Persons—some of that was used to get the national strategy under way—and I mentioned the costs that were expended in those early years. In the 1999-2000 budget, the $6.1 million was allocated to continue that work once a head of steam had been gained with the discussion papers and the consultation process.

Senator WEST—I am of the understanding, and correct me if I am wrong, that there was $6 million allocated over two years—I am not sure if it was 1997-98 or 1998-99. There was a

further $5 million in the 1999-2000 budget, and you are telling me there was $6.1 million in the 2000-01 budget. That, to me, adds up to something like $17.1 million.

Dr Graham—I have some figures here, Senator. For the international year there was an allocation of $6 million, that was in 1998-99; in 1999-2000, that was to support all those activities in the international year, and I think there is a general consensus that was a very successful year and certainly had an impact on community attitudes. In the 1999-2000 budget, there was another $5 million allocated for the international year; in the 2000-01 budget, there was the $6.1 million that I just mentioned—$1.5 million over each year from 2000-01 onwards. I think that is the total.

Senator WEST—What was the $11 million spent on the strategy, because I understood that the then minister—we have had so many ministers in this portfolio over the last four years, I lose count—said that the strategy which he announced in 1998 would be one of the government's responses to the international year in 1999. What was the $11 million spent on?

Dr Graham—I can have a discussion on that, but just to come back to that point, certainly the national strategy was one of the outcomes of the international year. The point was that it was to continue the momentum that had been started in the international year, so the starting point was in fact the international year. In terms of some of the events, I might get Ms Racic to comment on those.

Ms Racic—We had a range of initiatives during the international year, we had some media campaigns—some of you might recall the advertisements that we had on television. We have undertaken some research in terms of the awareness of the international year, both at the beginning and afterwards. We have had some grants and we have had a number of other initiatives that we ran, but certainly, if we can take it on notice, we could give you a detailed list of what it is.

Senator WEST—Yes, I think you had better do that, because I want to know how the $11 million was spent. I am interested in how you are going to apportion the $1.5 million—and there is obviously a bit to go there, over four years as well—and how that is going to be spent. Is that possible?

Dr Graham—Yes, we can do that, Senator.

Senator WEST—With respect to the strategy itself, I understand we have had two goes at this. Minister Bishop was going to launch it during the election campaign, but that had to be cancelled, prevented, changed, stopped, or whatever, due to caretaker provisions. Am I correct?

Dr Graham—That is correct, Senator.

Senator WEST—I understand that Minister Bishop also subsequently sent out the copies from her electorate office; is that correct?

Dr Graham—You would have to ask Mrs Bishop about that.

Senator WEST—How many of these documents did you produce; that is, the original one, the one with the pretty yellow and blue—

Dr Graham—There were 1,500 copies of that document.

Senator WEST—What has happened to those; did they have to be pulped?

Dr Graham—No. The minister is very keen to make sure that they are used where necessary.

Senator WEST—What is the consideration; what is 'necessary'?

Dr Graham—Minister Andrews prepared copies of the strategy, which contains the same text but, as a new minister, of course, he put his own foreword in the front for the launch last week. He produced very cost-effective copies of the national strategy, but he has indicated that, if there is a need to use those—and he expects there will be—that edition of the national strategy will also be used.

Senator WEST—What did these cost—the original ones?

Dr Graham—The cost of the 1,500 copies was $42,000. That included a number of other aspects of the publication, such as fax sheets and—

Senator WEST—What has happened to them?

Dr Graham—They were used, too. They are available for further use; that is, a summary of the information in the national strategy. There were presentation folders with the national strategy which can be used.

Senator WEST—As well as these, we got the fax sheets and the presentation folders. When was approval given to print this particular one?

Dr Graham—It was in early October, but the arrangements were under way, anyway, for the printing of that strategy.

Senator WEST—That is as it may be, but on what date was the decision made to go ahead and print this original copy?

Dr Graham—The intention was to release that edition of the national strategy at the independent retirees conference in Melbourne on 10 October, and the preparations for the printing of it were being finalised in September. I think we were finalising the arrangements for printing on 3 October.

Senator WEST—These were not released on 10 October, I take it?

Dr Graham—You mentioned before the caretaker conventions. The consideration of the minister was that it may be in breach of the caretaker conventions to release it in that form.

Senator WEST—When was that realised?

Dr Graham—I think the final decision was made on about 9 or 10 October.

Senator WEST—How much was that release and launch going to cost, or how much did it cost? Because presumably—

Dr Graham—I have not got a separate budget, but the launch was in fact part of the conference at which the minister had been asked to speak.

Senator WEST—So it cost the department nothing?

Dr Graham—In terms of attending the conference, she had been asked to give a speech; it was thought that that was an appropriate venue for her to announce the national strategy. There might have been incidental costs but certainly she was not paying for the conference.

Senator WEST—But by 10 October you were already in caretaker mode; is that correct?

Dr Graham—Yes.

Senator WEST—Was it appropriate to launch this sort of strategy once you were in caretaker mode?

Dr Graham—You would probably need to ask the minister, but the intention was that it was a document that it was felt could be released in the caretaker mode at the earlier point in time. But, on reflection, the decision was made that it would be safer to err on the side of caution, so it was not released. It was shown but not released formally.

Senator WEST—With respect to the 1,500 copies, a number of those, I understand, Mrs Bishop then mailed out from her electorate office?

Dr Graham—I understand that occurred, but I do not know the details.

Senator WEST—How many did she mail out?

Dr Graham—It would have been in the order of a couple of hundred copies.

Senator WEST—So she used the government document in caretaker mode, which she herself was is in.

Dr Graham—This was afterwards—it was not during that period.

Senator WEST—When did she send it out?

Dr Graham—It was after the election, it was not in the caretaker period.

Senator WEST—We have now, last weekend or the weekend before, the—how should I describe it?—budget model document. I understand it is the same document with a different header or different foreword. It looks like the prime ministerial statement is the same, but with a different foreword from now Minister Andrew. How many of the new ones have been produced?

Dr Graham—One thousand copies were printed.

Senator WEST—How much did they cost?

Dr Graham—About $3,600.

Senator WEST—What about fax sheets and presentation folders?

Dr Graham—We did not do the fact sheets. It was for the release that the minister had last Sunday.

Senator WEST—What other costs were there with the second launch?

Dr Graham—I can give you a breakdown of the other costs. The cost of the luncheon, which was sandwiches, was $2,900, and we had an attendance of somewhere in the order of 70 to 80 people representing many peak organisations. The cost of the banner which was used for the surrounds was in the order of $1,000. And we had a photographer who cost $600. So the total was a little over $8,000.

Senator WEST—Why was it decided to do a relaunch if one had already gone out?

Dr Graham—The occasion was for the minister to announce, as a new minister with a portfolio for ageing, his vision and where he saw the direction, and the national strategy was an important part but it was not the central part of the occasion, which was to get a wide range of groups together for him to initiate his view of his new portfolio, his new ministry.

Senator WEST—But there is nothing different between the two editions apart from the foreword, I take it?

Dr Graham—That document does represent a very comprehensive consultation process that has come to an agreed position, so that is not unexpected. At the same time, he did

announce that the next step was for his engagement with communities across the country, and he will be starting that process.

Senator WEST—So, on the strategy, we have currently spent a bit over $300,000, if my maths is correct.

Dr Graham—Yes, it is about—

Senator WEST—You told me that there was $6,000 used in 1997-98; $23,000 used in 1998-99; $188,000 in 1999-2000; $64,000 in 2000-01; and in 2001-02, $77,000 to date.

Dr Graham—Yes, your adding up is good; it is about $350,000.

Senator WEST—That is going to be well short of the $1.5 million, isn't it? If that strategy was announced in 2000-01 for $6.1 million over four years—

Dr Graham—I have mentioned a number of other activities. The Office for Older Australians has a wide range of activities. Another one, for instance, is support for the Senior Australian of the Year, and there are a number of other awards that they initiate. Maybe you would like to comment on a couple of other activities?

Ms Racic—We have a number of other awards. We have the Commonwealth Media and Advertising Awards, which recognises the positive portrayal of older people by media and advertising industries. We have the Commonwealth Recognition Award, which is run by federal members of parliament. And, during 2001, we also had two inaugural awards—one on housing, which recognises housing lifestyle for older people and looks at the housing design that is suitable for older people, and another one was Australian design in terms of students over the age of 45 and encouraging them into design and employment.

Senator WEST—I thought the $6.1 million was going on the strategy. You have talked about a lot of things that do not strike me as being in the strategy or being part of it. They are part of ageing.

Dr Graham—The strategy is extremely broad. It goes from employment, education, housing, transport, health and aged care. It is an extremely broad strategy, so to celebrate things like the achievement of the Senior Australian of the Year is a very important part. A lot of it is around changing community attitudes and making people understand the importance and the benefit of an older population. So all that is part of responding to the national strategy.

Senator WEST—You talk about changing community attitudes from these activities. What has the progress been in that particular aspect?

Dr Graham—There have been some longitudinal studies of community attitudes. In fact, there was a study of community attitudes towards the elderly at the start of the international year and, at the end of the international year, there was another community attitude study, and it showed a relatively small but significant change towards the positive in people's attitudes towards the elderly. So that is the start of the process. Minister Andrews wants to continue the process, and that is really the process he announced last Sunday.

Senator WEST—There has not been an evaluation since the end of the International Year for the Elderly?

Dr Graham—Another one is planned in the near future. With these types of community attitudes surveys, it can only be done every couple of years; to do it more finely would not probably show much change.

Senator WEST—Are the reports available from evaluations that have already been undertaken?

Ms Racic—They are available.

Dr Graham—Yes, I think we may have supplied those.

Ms Racic—We have supplied some of those reports to the committee already.

Senator WEST—Have we had the latest one?

Dr Graham—We will check and we can supply that if we have not.

Senator WEST—Thank you. How much has been spent on research?

Dr Graham—For baseline research, the cost was $135,000, and the follow-up after the international year was $413,000.

Senator WEST—How much do you think the next lot of research will be?

Dr Graham—If that trend is any indication, it probably would be in the order of half a million dollars.

Senator WEST—And the rest, I would suggest, if it is going to escalate at that rate. How much was paid in consultants' fees?

Dr Graham—We do not have that level of detail. A large part of that, in fact, would have been the consultant—

Senator WEST—Can you take it on notice for me. In 2000, then Minister Bishop spent $350,000 on media monitoring. Was this paid for from the National Ageing Strategy budget?

Ms Murnane—No, it was not.

Senator WEST—Where was it paid from?

Ms Murnane—It was paid from the departmental funds that support the minister's offices for the variety of expenditures that are apportioned to the department.

Senator WEST—How much was paid for media monitoring for Mrs Bishop in 2001?

Ms Murnane—We will take that on notice, Senator.

Senator WEST—A large-scale ad campaign about older Australians was run before the election. Were these ads paid for by money allocated in the National Ageing Strategy?

Ms Halton—Senator, could you be a bit more specific about which ads they were?

Senator WEST—I will take all of the ads.

Ms Halton—My point is we were having some trouble identifying which ads they were; therefore they do not ring any bells.

Senator WEST—I am told there was a large advertising campaign for October last year; was that paid for by money—

Ms Halton—Did you see one of these ads, Senator? Could you describe it to us

Senator WEST—There were so many government ads in the last half of last year that I am getting confused about them, but can you check what advertising you did then, please.

Dr Graham—I think the answer is no, that it did not come from the money that was held by the Office for Older Australians.

Senator WEST—Okay. You might like to take on notice what advertising was done in the period in the last half of last year but before 11 November and what bucket of money that came out of.

Senator Patterson—What sort of advertising, Senator?

Senator WEST—This is for older Australians.

Senator Patterson—You mean advertising directed particularly to older Australians?

Senator WEST—About older Australians and national strategies and things.

Ms Murnane—It depends on what you are talking about, Senator. We will look, but there is advertising of the availability of services—for example, advertising to inform people of the Carelink services—

Senator WEST—Yes, those ones have been running; even now they are still running.

Ms Murnane—That is right, because they are giving people information about how they can get very specific information on the services.

Senator WEST—Yes, I know that, but I think there is some—

Ms Halton—Senator, are you perhaps thinking of the post-budget advertising that ran in respect of the tax changes which, from memory, were something that the Department of Family and Community Services might have been responsible for.

Senator WEST—Okay, I will follow that up.

Ms Halton—I recall those ads as well.

Senator Patterson—Could I suggest that you put on notice a written question about which particular advertisement you want and we will give you the answer.

Senator WEST—We will. During the election promises, I understand there was a $416 million package over four years, and that included growth in the number of operational aged care places from 168,000 to 200,000 by June 2006, 21,000 additional places in aged care homes, 9,000 community aged care packages, additional residential care subsidies—a few things like that. Does the department believe it can deliver these promises?

Dr Graham—Yes, Senator.

Senator WEST—You do not think you will have any problems getting operational beds up and running?

Dr Graham—This is over a period of time; no, Senator, they will be brought into the allocations rounds.

Senator WEST—How many beds are planned for each year?

Dr Graham—We do not have the forward estimates for the number of beds per year. What was committed to in the election promise was 6,000 care packages, and they will be rolled out with the allocations rounds over the next four years.

Senator WEST—It is an additional 6,000 care packages; is that correct?

Dr Graham—It is, yes.

Senator WEST—Is that going to make 9,000 packages by June 2006?

Dr Graham—How are you estimating the 9,000?

Senator WEST—We are seeing figures of 9,000 and 6,000 raised. I want you to tell me, so I can get it clear in my mind, what will be the total number of community aged care packages by June 2006.

Dr Cullen—The election commitment is to release, as I understand it, 6,000 community aged care packages in addition to those places which would have been released through the normal planning processes.

Senator WEST—What would have been released through the normal planning processes?

Dr Graham—That will depend on the circumstances at the time, but what Dr Cullen is saying is that it will be 6,000 over what would have normally released. It is extra care places.

Senator WEST—What is the number of community aged care packages currently available?

Mr James—Currently, we have 25,000 community aged care packages.

Senator WEST—Excluding the 6,000, do you have some form of projections and figures done on what you are going to build that 25,000 up to over the next three or four years?

Mr James—Each year the minister for aged care releases the number of places that are to be advertised and that process has not been done for the next funding round.

Senator WEST—So you cannot tell me what the 6,000 are going to be additional to?

Mr James—Not at this stage.

Senator WEST—Is that going to be 1,500 a year, or how is the 6,000 going to come out?

Mr James—That is actually subject to budget considerations, so that is something we cannot say at this stage.

Senator WEST—We have got 25,000 aged care packages out there—

Mr James—There is an allocation of 26,625, which I think—

Senator WEST—How many are operational?

Mr James—As at 30 June 2001 there were 25,094 operational. We have just allocated another 1,711, which will become operational very quickly, of course.

Senator WEST—At 30 June you were still down 600 that were allocated that were not taken up. Have those 600 been taken up?

Mr James—Sorry, I am not sure I follow that, Senator.

Senator WEST—You told me that at 30 June you had an allocation of 26,625.

Mr James—No, I am sorry: 26,625 as at 30 January 2002. That is the allocated figure, and the difference is between those that have just been announced as being given to actual providers versus the operational figure back at the end of June, which was our last full stocktake.

Senator WEST—The 26,000 relates to 30 January; the 25,000 relates to 30 June.

Mr James—30 June last year. We do a six-monthly stocktake of figures, and the current one is nearly finished. We estimate—

Senator WEST—You cannot tell me how many of those allocated have been taken up?

Mr James—No, but we would anticipate that all of them would be operational within the next six months. That is the tradition with community care packages.

Senator WEST—With respect to the 1,700 that were announced, are any of the additional 6,000 in that?

Mr James—No, they were already announced and advertised before the election.

Senator WEST—How are we going to know that you have actually put an extra 6,000 in there?

Mr James—We will have to release the figures, obviously, on how many are out there and how many have been advertised.

Senator WEST—That is what I am interested in: you have done no projections forward, nobody can give me any indication of what you expect aged care packages to be by 2006 under normal circumstances at the current rate; and nobody can tell me, therefore, what the additional—

Dr Graham—The government has said that the ratio will be 108 per thousand; that the current ratio target is 10 care packages plus 90 residential aged care places. By the end of the four years that will be up to 108, so that is in addition to the current target.

Senator WEST—That is eight additional—

Dr Graham—It is eight per thousand people over 70.

Senator WEST—Is this for aged care packages or is this for some sort of care, be it residential or—

Dr Graham—No, the ratio is for 90 residential care places and 18, by the time that ratio has been increased, per thousand people over 70.

Senator WEST—So the current 90 for aged care beds is not going to change?

Dr Graham—No. That is government policy.

Senator WEST—I am not going to pursue it tonight, but I will prompt your memory about the discussions we have had on previous occasions about social isolation and community aged care packages.

Mr James—Senator, as a rough estimate for the period in question, we think there would be about 34,000 packages, taking into account the government's election commitment, but that is still subject to confirmation.

Senator WEST—Thirty-four thousand by when?

Mr James—By the end of the election commitment.

Senator WEST—To that four-year period, 2006?

Mr James—June 2006. But that, I stress, is still subject to—

Senator WEST—Does that mean that without the additional 6,000 you would have only got to 28,000?

Mr James—Yes, 28,000 or 29,000, which is still more than enough—it is over the ratio, it meets the ratio for packages.

Senator WEST—You think you can deliver that?

Mr James—Our packages are very easy to deliver in terms of allocation. They are out very quickly, within six months. There is very little infrastructure associated with the package other than staffing.

Senator WEST—The bed numbers: how are we going with bringing them on line and the beds that exist and do not exist?

Dr Graham—Minister Andrews has indicated that that is his priority—to ensure that non-operational beds become operational as quickly as possible. He has asked the department to carry out a thorough review of non-operational beds at this point. Also, in the last round, one of the criteria for selecting successful applicants was those who could bring beds on line quickly, so that was taken into account in the approvals for the last round. Quite a few of the applicants who succeeded will be bringing on their beds within the two-year statutory period—much sooner than the two-year statutory period.

Senator WEST—How many beds do we have at present that are currently on line?

Dr Graham—The number of operational beds—and this is as at January 2002—is 143,000.

Mr James—Correction: again, the figures are for June 2001, because that was our last stocktake of figures. Last year we introduced six-monthly stocktakes, so our most correct figures are as at June 2001.

Senator WEST—What are they?

Mr James—For June 2001, 143,429 operational residential care places. That will be updated within the next month or so. We have nearly finished the six-monthly stocktake of all places.

Senator WEST—How many non-operational?

Mr James—Currently, there are two types of operational places, as you might recall, Senator. There are 16,147 provisional allocations, which are beds that have been allocated in aged care approval rounds, and there are another 3,000 beds that are off line that are being restructured, sold to other owners et cetera.

Senator WEST—So there are nearly 20,000 non-operational?

Mr James—That is correct. Eighty per cent, though, of those provisional allocations were allocated in the last 12 months.

Senator WEST—During the election campaign I think Minister Bishop said that they were going to bring 4,600 beds on line between September and December. How did that go?

Mr James—I do not know at this stage because we have not looked at our stocktake. I do not actually recall that figure being mentioned, but I am sure you are right.

Dr Graham—That was presumably her expectation regarding the beds that would come on line for the earlier allocation—

Mr James—That is right.

Dr Graham—including perhaps care packages?

Mr James—Beds.

Dr Graham—Beds, right.

Mr James—We have not finalised our stocktake, and I checked that again this morning, but our indications are that, certainly, residential beds are starting to pick up pace in terms of coming on line.

Senator WEST—Sorry, could you repeat that?

Mr James—The pace is picking up in terms of those beds coming on line, but we will not have final figures until probably next month.

Senator WEST—I just realised where I got the 9,000 figure from. It was the Prime Minister's press release of 28 October. So without that 6,000, there was only going to be an increase of about 3,000, if that. We do not know if the goal for the extra beds has been met. When will we know?

Dr Graham—The beds will be built into the planning model. As I said, the ratio has changed to 108, and that will be built up over the next four years, so it will be in the level 1, which is the high level allocation, that the minister approves over the next four years.

Senator WEST—When will we know what the last six months has brought in terms of beds coming on line?

Mr James—We will know by the end of next month. That is when we will be totally sure, after the stocktake, of the status of all beds.

Senator WEST—The end of March?

Mr James—Correct.

Senator WEST—So we cannot say if the goal was met. I got the impression from the Prime Minister's press release that it would be. What level of staff increases has been factored into these bed numbers?

Dr Graham—That is a matter for the industry in the sense that applicants will apply for the beds and be expected to establish a business to provide those beds once they have received them.

Senator WEST—So you have not done any funding models about staff numbers and the role it might play in setting the promises and setting the goals?

Dr Graham—Staffing is certainly a consideration, but, if a person applies for beds that have been advertised, that person is then checked to make sure that the case they are putting up to be able to operate those beds is sound.

Mr James—They are not actually allowed to receive funding for those beds for it to commence until they have convinced the department that they are in a position to provide care—and that means appropriate care.

Senator WEST—But you do not have a funding model to give me some idea whether this is actually achievable?

Mr James—No. Are you talking about workforce projections?

Senator WEST—Yes.

Dr Graham—Yes, that is built into the forward estimates. As we know the RCS, the estimate of the RCS and the frailty of people, so we can estimate the global cost of providing that number of aged care places.

Senator WEST—What is the time line of the review of pricing arrangements for residential aged care? It is going to be conducted in consultation with the industry, I understand?

Dr Graham—Yes, it will be. The terms of reference and the details of that pricing review still have to be considered by the minister, so I really have no details to provide at this point.

Senator WEST—When was the review decided upon?

Dr Graham—It was an election promise.

Senator WEST—But nothing further has happened about it, so there is no time line at this stage?

Dr Graham—The election promises need to go through the budgetary process.

Senator WEST—Who do you expect to be involved in this?

Dr Graham—That will be something that the minister will have to consider.

Senator WEST—So the department has no idea as to who would undertake the review, what the time line will be, who would be involved, whether it will be a wide consultation, whether it will be a narrow review, how long it will take or what reports there might be as a result of it?

Dr Graham—Yes. All those factors will come into it and that will be a case that has to be considered by the minister. As the election—

Senator WEST—In the budgetary context?

Dr Graham—As the election promise said, there would be a consultation process with the industry over the review, but a review such as this could be expected to be a very large process—it will not be a short process, it will not be a quick fix, so it is going to take considerable time.

Senator WEST—What work has been undertaken to facilitate this review; any work?

Dr Graham—There has been some consideration within the department to prepare advice for the minister.

Senator WEST—So you are still at the preparing advice for the minister stage.

Dr Graham—Yes.

Senator WEST—You have no idea when we can expect to see any announcements.

Dr Graham—No, that will be a matter for the minister to consider.

Senator WEST—What progress has been made with Professor Len Gray's first recommendation that the department review and enhance indicators of supply and demand for residential and community care?

Dr Graham—There is work going on on that. In fact, you could say that the election commitment to increase the ratio to 108 per thousand is one response where that has increased the number of care packages. In terms of being able to monitor the care outcomes of people, as distinct from accreditation standards, for example, there is work going on within the department and with outside groups to look at care indicators to be able to measure care quality, quality of life.

Senator WEST—So there is still a fair way to go with this.

Dr Graham—It will be a long process. To establish appropriate indicators that can be measured and can quantify care standards is a big process.

Senator WEST—Ms Halton, this must all seem extremely familiar. We were discussing and debating this when you were in your previous position in this department. I hope we are going to move a bit more quickly.

Ms Halton—I do feel a similar sense of déjà vu, and I actually just wrote myself a note that Dr Graham and Ms Murnane and I might have a conversation about time line on progress on some of these issues.

Senator WEST—I think that would be a very good idea, because I have only got one more estimates left and I would hate to not have an answer before I left.

Ms Halton—But it would be a shame if some things did not remain the same through your experience, but we will endeavour—

Senator WEST—I think it is high time we actually moved on with some of this aged care stuff and overcame some of the problems.

Ms Halton—We will attempt to have an answer at least of more substance for next time.

Dr Graham—Senator, could I just mention Professor Smallwood. I do not want to move it across to him, but the quality and safety agenda that is going on in the health side, many of those interesting developments are very applicable to aged care as well and we do have close links to that process.

Senator WEST—I hope with the safety agenda you are also looking at occupational health and safety. As a nurse who is having difficulty with a bad back here, I would appreciate it. Has there been any new modelling for the determining of waiting lists?

Dr Graham—Minister, as we have said before, we do have concerns about how to interpret information around waiting lists. We prefer to use the term 'entry periods'.

Senator WEST—The punters out there prefer the term 'waiting lists'. They understand 'waiting lists'.

Dr Graham—There is information that is presented in the Productivity Commission of a report on government services which indicates entry periods within residential aged care, and that document is publicly available.

Senator WEST—But I was asking: are you doing any modelling or work on it?

Dr Graham—We do assist the Productivity Commission in doing its work of reporting government services, and I could table a copy of table 12A.

Senator WEST—That would be fine, but what is the department doing about modelling to look at overcoming the problems of entry?

Dr Cullen—The department has commissioned the AHIW to do a study of its data around the elapsed period between people receiving an ACAT assessment and entering a residential aged care home. I understand that that work has been completed and is undergoing the normal peer review process through the AHIW, and I expect that that report will be released shortly. The intention is that, when that report is released, it will be released as an AHIW public report, and it is an examination of the factors which affect the entry period of residents.

Dr Graham—Senator, you may be interested in a couple of other developments too. We have set up an entry arrangements working party with the industry and consumers to look at how we can streamline and make more acceptable to consumers the entry process—having a common form; providing literature that is more meaningful, rather than perhaps written by bureaucrats—so we are trying, with the assistance of consumers, to make that process better.

Senator WEST—Thank you. Can I now turn to the Croydon Nursing Home in Victoria. I understand that in August 2000 it was given three-year accreditation, and in August 2001 there was a support contact visit that recommended a review audit be conducted. At the first

visit it was found to fail 35 out of 44 standards. It was found to be dirty, poorly managed and have a poor record of infection control. Can someone give me some outline as to what took place from the first contact support visit through? What happened? Is it true that it failed 35 out of 44 standards in August last year?

Ms Vesk—The advice that I have is that 38 outcomes were non-compliant.

Senator WEST—Thirty eight?

Ms Vesk—That followed the review audit in August. A decision was then made to reduce the period of accreditation for that home. Information was given to the delegate to the secretary about the noncompliance. There was close supervision of the home; the noncompliance was reducing but ongoing. There were a number of spot checks and, in November 2001, another review audit was conducted. A number of outcomes were still found to be noncompliant at that point.

Senator WEST—Is this something like 28 out of 44 on 12 November?

Ms Vesk—I think so. I could pause to count them, but from memory that figure sounds correct. The home then had to undergo a further site audit, for accreditation again, because of the earlier decision to reduce its period of accreditation. That accreditation site audit was conducted in January this year. On 1 February 2002 the state manager of the agency in Victoria made a decision not to accredit.

Senator WEST—How many residents were there?

Ms Bailey—There were 27 residents at the home, I understand, on that date. Subsequently, the home has been sold to another provider, and that sale was settled yesterday.

Senator WEST—Yes, but there are 27 patients—

Ms Bailey—Twenty-seven residents.

Senator WEST—I call them patients. 'Victims' maybe is a better word. What has happened to them?

Ms Bailey—They are able to stay there and a new provider will be taking over the home.

Senator WEST—It has had a history, since August that we know of, of being seriously in breach of the standards. What assurances can you give me that there has been adequate pain relief; that there has been adequate supervision; that there has not been excessive restraint use; that the medications have been given correctly and are actually accountable; that all the staff have attended fire and evacuation training; that residents' continence is managed effectively; that residents are able to have natural sleep patterns; and that each resident's right of privacy, dignity and confidentiality is being recognised and respected. With respect to the risk of fire, I understand that this was one of the areas in which it fell down very badly, in that there was no protection and control, and people could not be evacuated in the event of fire. What assurances can you give me that those issues have been addressed, because on 1 February you have got a non-accredited nursing home? It has now been sold. You tell me you have still got 27 patients there. What do we know of the standards of care and what care has been given to those 27 people over the last three weeks?

Ms Bailey—Senator, since the home came to the attention of the department, it has been under a fairly close program of supervision by our Commonwealth nursing officers. While the home has consistently failed a range of our standards, it has been required by the agency to put in place improvements; some of those improvements were made and then subsequently

they have gone backwards. But there is no doubt that this home has showed a history of falling below the standards, so our job has been to have a fairly high profile presence at the home to ensure that the residents' health and well-being are being maintained. In all of this the department has worked closely with the residents and their representative committees. I think I can say their wish was to remain at the home, so a sale to a new approved provider is the best opportunity for those residents to stay there, and to get a clear commitment from the new owner to improve the standards in order to get re-accredited.

Senator WEST—They went to the freezer—this was in August—and in the freezer was an opened pack of flake fillets dated 23 February and an unlabelled ice-cream container with unknown products. Has this all been fixed or are these issues still—

Ms Bailey—I suspect that those particular issues—

Senator WEST—I know we have all got our own fridges but at least we are only poisoning ourselves.

Ms Bailey—The incidents would have been remedied. However, the concern was that the processes and procedures were not sufficiently robust to ensure that it did not happen again. That has been our main objective—to ensure that it does not happen again.

Senator WEST—What assurances can you give me? What have you set in place that is going to make sure that right now the nursing care that is being provided is adequate, that the dietary stuff is adequate, that the cleaning is adequate, that the fire escape issue is resolved?

Ms Bailey—The home has been given a clear indication of what it needs to do to remedy all those matters. Our Commonwealth nursing officers are attending the home regularly.

Senator WEST—How often?

Ms Bailey—Sometimes it is daily; at other times, if required, at shift change.

Senator WEST—That could be three times a day?

Ms Bailey—If required, this is the level of supervision. We are very concerned for the residents' welfare. The fact of case management is that we tend to do whatever it is we need to do to make sure the issues are remedied. I cannot say in particular in regard to Croydon's case but I know that if they were to call us to say there was a problem, our nurses would be out there, even if they had been there that morning. To the extent that the Commonwealth can do these things, we are vigilant about the care of residents.

Senator WEST—Can you get me a briefing or something about this care, because I want to be sure that all residents are free of pain, that their continence is being managed effectively, that they are not being deprived of natural sleep patterns, that their dignity, privacy and confidentiality have been respected.

Ms Bailey—The new owner has given a commitment to the Commonwealth that they will put in place, quickly, the necessary processes and procedures to deliver the level of care we expect.

Senator WEST—But you had from August until the new owner took over today.

Ms Bailey—The previous owner had from August, Senator. We monitor, but that is the provider's responsibility.

Senator WEST—It is the provider's responsibility but we are talking about human beings. I suspect the RSPCA takes tougher action.

Ms Bailey—In this particular case I believe the Commonwealth has committed huge resources to ensuring the welfare of the residents. We have done everything we could to support those residents and to ensure that the risks were remedied. The outcome of the sale, whereby the residents have been able to stay there, is, I understand, the preference of the residents and their families.

Senator WEST—Can you take on notice and give me a chronology or a time line of the number of spot checks that were undertaken, the number of visits that have been undertaken to this nursing home? I am happy for it to be taken on notice.

Ms Bailey—Of all visits? Not all would be spot checks, of course. Some would be planned visits, some would be—

Senator WEST—I want to know about it, because I am appalled.

Ms Vesk—I am not sure if I made this clear earlier, but when we talked about the findings in August and said that there were 38 outcomes not met, the finding after the last site audit was that there were 18 unacceptable outcomes remaining. So with respect to your concern about that, 20 of the matters at least have been remedied.

Senator WEST—Yes, but three that had been previously satisfactory became unsatisfactory.

Ms Vesk—I appreciate that.

Senator Patterson—Senator, under the Labor government, there were no spot checks at all.

Senator WEST—I am looking at now, Minister.

Senator Patterson—You might just remember what happened under Labor.

Senator WEST—On the certification issue, Dr Graham, you sent a fax to all providers, I understand, in September?

Dr Graham—That is correct.

Senator WEST—Part of that stated that there was no requirement under the aged care legislation to have further certification assessment prior to re-accreditation.

Dr Graham—That is a legal fact.

Senator WEST—Does that mean that the act is deficient, if there is no requirement for that under the act?

Dr Graham—It is not deficient, it is a fact that there is not a hard wire link, if you like, between certain certification—these homes are certified, we need to remember—and accreditation.

Senator WEST—How often do they now have to be certified?

Ms Bailey—There is no time limit on certification; however, there is a capacity for the secretary's delegate to review or possibly revoke certification should they no longer be considered suitable. Additionally, the industry and consumers have an expectation that all homes are working towards meeting the agreed upgraded standards for 2003 and the agreed privacy ratios for 2008. It is very much the department's view that we wish that momentum to continue, and we will be assisting the industry for the momentum of change to continue and they continue to upgrade.

Senator WEST—Have any of them been decertified?

Ms Bailey—No, nothing has been.

Senator WEST—No, given the previous one failing on the fire escape. In that, you also said, Dr Graham, that the department is working closely with industry to encourage all homes to meet the new industry standard. You use the word 'encourage'. Does that mean that is all the department can do?

Dr Graham—The minister has announced a program, Senator, where we are now providing a free advisory service, or intending to do it, in the very near future, where homes that have concerns about their safety standards can receive a free advisory visit, and they will be advised on what they need to do to rectify those concerns.

Senator WEST—I will leave it there.

Dr Graham—These homes are certified and what they are doing is meeting the new certification instrument.

Senator WEST—That is all I am going to pursue on 3.

CHAIR—Are there any further questions on 3? We will have them on notice.

Senator WEST—I will have more to go on notice too.

[9.06 p.m.]

CHAIR—We will move on to outcome 7.

Senator CROSSIN—I am not used to this department and this portfolio, so you will have to excuse my indulgence. My questions go to the Aboriginal and Torres Strait Islander Hearing Strategy that I understand operated between 1995 and 1999, and a review of that strategy was commissioned at the end of this period. Is that correct?

Ms Norington—Yes, that is right.

Senator CROSSIN—Has the review been completed?

Ms Norington—No, it has not yet.

Senator CROSSIN—Can you perhaps give me an update, then, on where that is at?

Ms Norington—Yes, I can. The review is probably coming into its final stages, and we anticipate that we will be going forward to the minister with the final report, in probably about three months time.

Senator CROSSIN—Which is nearly three years after the strategy has expired?

Ms Norington—No.

Senator CROSSIN—Two years.

Ms Norington—Yes. We have continued funding at the same level in the interim.

Senator CROSSIN—So my understanding is that the review of that strategy was promised in the last two annual reports, but you are saying it should be finished within the next three months; is that correct?

Ms Norington—Yes, that is correct.

Senator CROSSIN—Will it be made public?

Ms Norington—We would be suggesting to the minister that she consider that that report be made public.

Senator CROSSIN—So do you currently have information about the accessibility of hearing services to Aboriginal and Torres Strait Islander adults and children across Australia?

Ms Norington—The component of the program that the Office of Aboriginal and Torres Strait Islander Health is responsible for is the hearing strategy component of it. The other services that are part of services provided to indigenous children and adults are through the Office of Hearing Services programs.

Ms Murnane—The officers of the Hearing Services are not here because we were told there would not be any questions for them. What we will provide is—I am not saying it is exact information, but it is a question we ask because it is one we are interested in—the extent to which Aboriginal and Torres Strait Islander people are able to access hearing services for which they are eligible through the Australian Hearing Services.

Senator CROSSIN—There was perhaps a bit of a blurring as to whether this would actually be Hearing Services or Aboriginal and Torres Strait Islander Health.

Ms Murnane—There is a difference, as Ms Norington said, and the Aboriginal and Torres Strait Islander services division contracted some years ago with Australian Hearing Services to provide additional services in regions where there is a large proportion of Aboriginal and Torres Strait Islanders and hearing impairment. The Aboriginal and Torres Strait Islander people have an entitlement to services provided by AHS if they are in the eligibility categories of the Australian Hearing Services Act, and that includes all children and all adults over a certain age.

Senator CROSSIN—Does the department have formal data sharing arrangements with all state and territory governments and community controlled health organisations to provide information about the number and location of Aboriginal and Torres Strait Islander children and adults with treatable hearing losses?

Ms Norington—I think that would be the responsibility of the AHS; it would be through that program.

Senator CROSSIN—Could I ask you to then take that question on notice and provide it to them, please?

Ms Murnane—Yes, Senator, we will. There are estimates done generally of the numbers of people in Australia with a hearing impairment. There have been many specific studies done of the extent of hearing impairment in Aboriginal and Torres Strait Islander children, and we will look at those too.

Senator CROSSIN—My question goes to whether there is an arrangement to share information across community controlled health organisations and state and territory governments.

Ms Murnane—Does this come through the framework forums?

Ms Evans—Senator, it is not my understanding that there is a standard agreement to share across state Aboriginal community controlled health services. We can clarify that. I think there is sharing at a local level, but to our knowledge there is not a national data base on this or any standardised agreement for sharing information.

Senator CROSSIN—So no formal sharing arrangements that you are aware of?

Ms Evans—At local levels there is sharing of information, but I understood you to be asking about whether there was on a national and state level.

Senator CROSSIN—So how does the department assess the adequacy of the current number and location of service providers in terms of hearing services?

Ms Evans—I think we will have to take that on notice. It is really a Hearing Services question.

Ms Norington—Senator, could I just correct something that was said before, and that is the eligibility—it is children and adults up to the age of 21.

Senator CROSSIN—Perhaps you could also take this on notice: would you be aware of the fact that Aboriginal people in the Walpiri communities, which is outside Alice Springs, are in fact missing out on screening and treatment services because they have been advised they cannot get any local provision. In fact, we have people from communities like Yuendumu and Lajamanu, which are east of the Stuart Highway in the Northern Territory—I am glad somebody is nodding their head and know where I am talking about; that is a refreshing change, I have to say—having to actually travel to Katherine for assessment and treatment. Would you be able to provide me with reasons as to why that is the case?

Ms Murnane—Yes, we will. We will look at it. Let me try to understand as exactly as possible what you are saying: Australian Hearing Services have told the people of those Walpiri communities around Alice Springs, Yuendumu and so on that they cannot provide assessment and fitting services for them?

Senator CROSSIN—That is absolutely correct.

Ms Murnane—We will follow up on that immediately.

Senator CROSSIN—If they need new moulds for their hearing aids they have to travel significant kilometres in order to get it done.

Ms Halton—We will look into that, but we are not aware of that. Certainly, that is not a good situation so we will look into it and get back to you.

Senator CROSSIN—I appreciate that. Can we just get back to the review. Will that review actually look at access to Aboriginal and Torres Strait Islander children in rural and remote locations?

Ms Norington—Yes, it does.

Senator CROSSIN—It will look at that?

Ms Norington—Yes.

Senator CROSSIN—Does the current delivery of hearing services through your Office of Hearing Services to community service obligations clients make any requirement that service providers provide services at remote localities, rather than major regional towns?

Ms Murnane—Yes.

Senator CROSSIN—It does?

Ms Murnane—The Australian Office of Hearing Services gets community service obligations payments in a number of categories. There is a general category for children; there is a category for Aboriginal and Torres Strait Island people; and there is a category for remote and rural areas. So it certainly is the intention that these services be provided regardless of where people live.

Senator CROSSIN—Will the review also examine this issue—

Ms Murnane—It has been doing that.

Senator CROSSIN—in the context of assessing accessibility to hearing services?

Ms Norington—I believe so, yes.

Senator CROSSIN—Does the current system provide travel costs for remote users of services who need to travel large distances to access services?

Ms Murnane—The Hearing Services program does not.

Senator CROSSIN—Is that an expectation, because the service is supposed to be provided there locally?

Ms Murnane—Yes, there are provisions in relation to transport to essential health services that the state health departments run—I am not trying to shove this off—but that may come under that. We will make inquiries about it.

Senator CROSSIN—Again, has the review looked at accessibility of travel arrangements for getting access to hearing services?

Ms Norington—Yes.

Senator CROSSIN—It has done that as well. This may also be a question you need to send to the Office of Hearing Services, but their web site actually lists Northern Territory providers at Alice Springs, Casuarina, Darwin and Hermannsburg, which is outside Alice Springs. But then it lists these as remote sites, and the four remote sites that are listed are Katherine, Nguiu—which is Bathurst Island—Nhulunbuy and Tennant Creek. Could you perhaps provide for me what the Office of Hearing Services seems to define as 'remote'?

Ms Evans—Can I just clarify what the question is, Senator?

Senator CROSSIN—Why is Hermannsburg not remote, but Katherine is classified as remote?

Ms Halton—We will have a look at that web site. It may be an unfamiliarity with geography. As you say, whilst we all sit here and nod, because we know exactly where you are talking about, it is arguable that perhaps sometimes people who construct web sites are not as familiar with their geography. So we will have a look at that.

Senator CROSSIN—That is all I am trying to get at—whether in fact it is the Office of Hearing Services' definition of 'remote' or in fact it is a question of just the web site. Let us hope it is the latter, rather than the former.

Ms Halton—It is very hard to believe that someone would classify Hermannsburg as being anything other than remote, but we will have a look at it.

Ms Murnane—It is good that the services are in those eight places, I think you would agree, Senator.

Senator CROSSIN—Yes, it is good. Finally, just going back to a person at Lajamanu having to travel to Katherine for treatment, if in fact services are to be provided at those remote communities, then in fact there should not be a need for this person to travel to Katherine. Is that what you are telling me?

Ms Murnane—That is correct, yes.

Senator CROSSIN—You have undertaken to look at this straightaway. What does that mean? Do I have to wait for the prescribed time in which you reply to us at estimates or will this be done much faster than that?

Ms Murnane—We will try to do this within a week. It is a question of getting in touch with the Australian Hearing Services to get the information that they have got, but they certainly do have a capacity to deliver services to remote areas. They have got travelling shells, I think they call them, where they do audiograms that are soundproof and so on. So I will make inquiries about that and get back to you.

Senator CROSSIN—Thanks very much for your cooperation.

Mr Wells—I have my brief now, Senator. Would you mind refreshing me with the question?

Senator WEST—I understand that $41 million was allocated in the 2000-01 budget for assistance to small rural private hospitals.

Mr Wells—Did you say $4.1 million?

Senator WEST—I thought it was $41 million allocated in the 2000-01 budget.

Mr Wells—It was $4.1 million.

Senator WEST—Was it?

Mr Wells—Yes.

Senator WEST—Okay. How much was spent on consultants and departmental expenses?

Mr Wells—Ms Sperling will answer that.

Ms Sperling—I think, consistent with the answer to the question on notice that we provided to you from the last hearing, $2.7 million was used directly in respect of this first group of hospitals to assist with service planning and departmental consultation. The remainder of the funding in 2000-01 was used by the department in establishing the administrative infrastructure for the program, including employment of a team of dedicated staff for overheads such as accommodation and ensuring that the links with other complementary components of the rural health budget package are maintained.

Senator WEST—So none of the $4.1 million actually went to the targeted private hospitals?

Ms Sperling—Two point seven million dollars was used to provide services to assist those hospitals to engage service planning consultancies to allow them to move to the second phase of the program, which starts this financial year, and allows us to provide in this financial year $4.623 million worth of administered funding to those hospitals.

Senator WEST—How many private hospitals have closed in rural Australia since the allocation of the $4.1 million?

Mr Wells—Senator, we are advised that one has closed, that we are aware of.

Senator WEST—Where was that?

Mr Wells—At Kingaroy, in Queensland.

Senator WEST—When you say $2.7 million has been spent on hospitals, none of it has been spent on the provision of services, has it?

Ms Sperling—That is correct. That is not what this funding is for; the funding is not for the provision of—

Senator WEST—Is there going to be any provision in the out years for the provision of services to enable these hospitals to provide services, or is it just going to be for consultants?

Mr Wells—The program has two stages. The first stage is the development of financial and operational assessments, and that is the phase we have been going through to date. The second stage is the implementation of any appropriate restructuring options which arise from the planning work undertaken in the first stage. That is the phase we are starting to enter now. So that is where you will get the changes on the ground which result from the work which has gone in to date with consultants, community consultations et cetera.

Senator WEST—Was the $4.1 million over one year or two years?

Ms Sperling—The $4.1 million was the first year of funding of a four-year program.

Senator WEST—What is the second year of funding, then?

Mr Wells—The $4.623 million, Senator; that is 2001.

Senator WEST—What is that going to be spent on?

Ms Sperling—That is being spent on increasing the scope of services that are provided on site, upgrading facilities to retain and build existing health care services, and build additional capital infrastructure to facilitate amalgamation or co-location of services with other community services.

Senator WEST—Do you have a breakdown of how you expect that to be spent on what particular items?

Ms Sperling—We have actually committed $3.387 million, and we can provide you with a—

Senator WEST—I am happy for you to take that on notice. I understand that Nagambie Hospital has also effectively closed and has turned itself into a nursing home because no help was available; is that correct?

Mr Wells—Can we take that on notice? We understand the hospital is not operating as a hospital but it has not closed.

Senator WEST—It is operating now as a nursing home, I understand.

Mr Wells—Senator, we need to take that on notice. I think its exact status is not quite clear.

Senator WEST—And that the only money that has been paid to it at this stage is consultancy money; no money for services has been paid at this stage.

Mr Wells—We are entering into arrangements with various hospitals and Ms Sperling will provide you that information on notice.

Senator WEST—I am interested to know when the full services will be restored to Nagambie. Has the crisis at Nimbin been resolved?

Ms Sperling—There is no rural private hospital at Nimbin that we are aware of, and we are not working with any under this program.

Senator WEST—It is actually a public hospital, so it does not fall under this program?

Ms Sperling—Yes.

Senator WEST—I will leave it there, thank you.

Senator McLUCAS—I want to go to the issue of the 30 per cent insurance rebate. Can the department advise the committee of its latest forward estimates for the cost of the 30 per cent rebate.

Mr Wells—Senator, we will table a document as we speak, which gives an explanation.

Senator McLUCAS—Does that include the reasons for the variations?

Ms Sperling—Yes.

Mr Wells—I will take you through it, if you like.

Senator McLUCAS—Please.

Mr Wells—The revised total cost of the 30 per cent rebate for 2001-02 is estimated to be $2.221 billion, of which $1.952 billion will be in outlays administered through the department and $269 million in tax revenue administered through the ATO. This is $40 million, or 1.83 per cent, higher than the 2001-02 budget estimate of $2.181 billion. The difference between the two forecasts in the AEs and the budget estimates reduced to $23 million for 2002-03 and $5 million for 2003-04.

The reasons for the variations for 2001-02, for the current variations at additional estimates, are, firstly, a change in the assumption of the participation rate. It is assumed in these estimates that the number of insured people remain constant, but population growth will lead to a fall in participation rates. In other words, the actual numbers of people with private health insurance will stay the same, but the proportion of the population with private health insurance will not keep up with the growth in population. The percentage of the population will decline from the current 44.9 per cent by about 0.35 per cent.

Secondly, there is a minor adjustment to the tax versus outlays predictions. A split between outlays in revenue of 11.9 per cent to 88.1 per cent was used in the budget estimate, while a split of 12.2 per cent to 87.8 per cent has been used for the additional estimate. Since the amount of rebate claimed as a taxation offset is processed in the following financial year due to the tax processing cycle, any change to the taxation offset component will have an effect on the total cost of the rebate.

Thirdly, there is a change in the base year estimates in the model. When the budget estimate was finalised in March 2001, only the claims for the rebate up to February 2001 were available. The new estimate incorporates the actual claiming data for 2000-01 on which the estimates for the forward years are based. Claiming patterns towards the end of 2001 indicated a trend upward. So they are the factors underlying the change in the estimates.

Senator McLUCAS—Thank you for that.

Senator Patterson—Can I interrupt for a moment. Can some of the officers who are not needed go home?

Senator McLUCAS—We are intending to cover the issues of private health insurance. With respect to outcome 9, in particular, there is the issue of the tropical health commitment in Townsville. Finally, we intend to cover ARPANSA.

Senator DENMAN—I have some questions under outcome 1, relating to the federal government's drug strategy, but I can put those on notice.

CHAIR—Can we summarise that: private health insurance, ARPANSA—

Senator McLUCAS—Tropical health.

Senator DENMAN—I will put my questions on notice. I need answers fairly quickly though, just the same.

Senator Patterson—They are due by 8 March. I emphasise to officers that the answers should be ready by 8 March, which is the date by which they are supposed to be returned.

Senator CROWLEY—I asked questions earlier today—and I was advised I would get an answer under program 1—about copyright and Hepatitis C.

Dr Morauta—We have somebody ready to answer that question.

CHAIR—We will proceed with questioning. Senator McLucas?

Senator McLUCAS—I understand the rebate can be claimed in three ways: premium discount, tax refund or in cash. Is the funding for each of those shown in the budget papers?

Ms Sperling—In the budget papers the funding that is shown is the tax, the amount that is paid through the ATO, and the full amount that is paid through the Health Insurance Commission, which would include over-the-counter claims or premium reduction claims. That is aggregated.

Senator McLUCAS—They are aggregated?

Ms Sperling—Yes.

Senator McLUCAS—Can they be disaggregated?

Ms Sperling—Yes, we can provide you with that information.

Senator McLUCAS—What is the explanation for the increase of about $27 million on page 97 of the additional estimates statement?

Ms Sperling—The $27 million is the outlays component, which is what this document shows—the outlays component of the $40 million on the sheet of paper that we have tabled for 2001-02. So the revenue component would be the remaining $13 million that will show up in taxation papers.

Senator McLUCAS—I note your comments in the additional document about the participation rate. Do you have any forecast membership trends in the out years from this year and what their impact on the forward estimates might be?

Ms Sperling—The trends that are incorporated into this model, as Mr Wells has outlined, are that the number of people with private health insurance will stay the same but not keep up with the growth in population. That results in a decrease of about 0.35 per cent per annum. We can table you the exact figures, but that gives you a rough idea.

Senator McLUCAS—You will have that in table form for the next four or five years.

Ms Sperling—We can certainly provide that.

Mr Wells—We can break that down by year.

Senator McLUCAS—That would be useful. Will that be able to be provided immediately or is it something we have to put on notice?

Ms Sperling—In fact, I do actually have that information here. It would be 44.6 per cent for 2001-02, 44.2 per cent for 2002-03, 43.8 per cent for 2003-04, 43.5 per cent for 2004-05.

Senator McLUCAS—Thank you for that. Have you done any analysis of that changed participation rate and factored that into the forward estimates?

Ms Sperling—That is what has been factored into the current forward estimates.

Mr Wells—Senator, that is reflected in those figures of $23 million and $5 million in the out years.

Senator McLUCAS—What allowance has been made in the forward estimates for the impact of the current round of premium rises?

Mr Wells—There is no allowance at present, Senator, because the current round of premium applications has not been finalised, so we do not know the outcome of that. That will be reflected in the next revision of estimates.

Senator McLUCAS—There is no allowance at all for them?

Mr Wells—Not for the applications currently. There is a growth factor, but there is no specific allowance for the actuals currently before us because they have not been resolved.

Senator McLUCAS—What is the growth factor—

Mr Wells—We normally do not provide that, Senator, on the grounds that it would send a signal to the industry of where they might want to pitch their future proposals for premium increases.

Senator CROWLEY—Given that they are aiming for the sky and settling for what they can get, maybe you should give them a clue, where they can stop.

Mr Wells—Make it a negative number, Senator.

Senator McLUCAS—The minister has stated recently that there will be premium increases this year, but the forward estimates have not changed considerably since the budget. I think everyone expects that there will be increases. Have you done some preliminary work on modelling for those increases?

Mr Wells—Senator, the current estimates include, as I said, a factor for growth in premiums, but we have not done any work on what might be the outcome of a process which we have not yet concluded, so in the applications before us at present we have not factored those into any of the estimates yet, but when we have an outcome from the current round, we will then factor it in and it will be reflected in the next revision of the estimates.

Senator McLUCAS—Sorry; say that again?

Mr Wells—Because the current round is still under consideration and has not been resolved, we do not know what the outcome of that round will be. When it is resolved, when the decision has been taken on the current premium round, that actual outcome will be reflected in the next revision of the estimates.

Senator CROWLEY—What would happen if you got that forward estimate very wrong? Just say the figure comes in for an increase of X—five per cent will do; this is a hypothetical question only—and let us say you make an estimate of what the impact of that five per cent increase in premiums will be and you write that into the estimates, but then suddenly everybody in Australia goes mad and the number of people taking up private health insurance is doubled—

Senator Patterson—That would not be regarded as very sensible, Senator Crowley.

Senator CROSSIN—goes mad and there is a 100 per cent increase or something, so that your estimate is well short of the mark. What will happen? Does that just come out of general revenue?

Mr Wells—Senator, it is a special appropriation. It is like medical rebates or whatever.

Senator CROSSIN—I had a feeling it was. I wanted to be clear on the record. Thank you.

Senator McLUCAS—What would be the cost to the budget if the application by Medibank Private for 13 per cent was factored into the budget? Have you done that maths?

Mr Wells—Senator, for commercial-in-confidence reasons, we do not comment on particular applications or whether there are particular applications; we do not discuss those. So I would not care to comment on any particular level of premium increase sought by a particular fund.

Senator McLUCAS—It makes it quite difficult to provide scrutiny over forward estimates if we cannot have some basic assumptions.

Mr Wells—But, Senator, the actual results of those will be announced when they are resolved, and then they will be factored into the next revision of the estimates. So at that point it will be clear what the impact of the current round was on the estimates, but at the moment we are still going through the process.

Senator Patterson—Senator McLucas, if you put an assumption in of exactly what you predicted and the assumption was above what was really needed, that would encourage the funds to put in an application at that level, so it is a hypothetical question, but it is an impossibility, because you would be signalling what you expected.

Senator McLUCAS—So, with the exception of the document you have provided here, come budget time, you are not going to predict change in premium levels—only participation rights?

Mr Wells—Sorry, Senator; I did not quite catch the drift?

Senator McLUCAS—Your forward estimates, come the budget, will include this change in participation rates that you have advised?

Mr Wells—Yes.

Senator McLUCAS—But will not have an assumption about an increase in premiums factored into—

Mr Wells—The next revision, which will be a budget, will factor in the actual outcome of the current premium round and its impact on the forward estimates.

Senator McLUCAS—But no future change?

Mr Wells—No. There will also be, as we do each year, an estimate of possible future increases, and that is the figure we do not release, but that is an estimate and that is factored into the forward estimates as well.

Senator McLUCAS—Did that happen last year?

Mr Wells—It happens every year.

Senator CROWLEY—From your figures in this piece of paper, it is assumed in these estimates that the number of insured people will remain constant and that the population

growth will lead to a fall in participation rates. On what evidence have you made that assumption?

Ms Sperling—These estimates were actually calculated in October last year before the September quarter and December quarter private health insurance participation rates were released. At that time, we were seeing this trend, as described in here, actually showing up in the reported health fund statistics. Since then, there has actually been a stabilisation again and, indeed, an increase by about 20,000 people per quarter of privately insured people, and we will need to incorporate that into any

Senator CROWLEY—Do I understand that you are saying that your assumption is your best guess until the next lot of figures come out and then you adjust it accordingly?

Mr Wells—Basically, that is right, Senator. This information on the sheet I distributed is the information as at a point in time last year when we did the revisions to the estimates which are now in front of us. In the next round, if those factors change, we will have different assumptions.

Senator CROWLEY—The data is three-monthly?

Ms Sperling—The data is quarterly, and that comes from the Private Health Insurance Administration Council.

Senator McLUCAS—If we can go back to the table, there is an increase of $93 million or about four per cent. Given that you said that participation rates, the number of people, will stay about the same with a little bit of a reduction, does that imply, then, that you are expecting a premium rise of about four per cent?

Ms Sperling—It implies that the other assumptions that are built into this model add up to an aggregate difference of about that amount.

Senator McLUCAS—Could you say that again?

Mr Wells—Senator, I think we are saying we do not indicate the actual impact we estimate of future increases in premiums. So I do not think you should draw from these figures that we anticipate future premium increases to be of the order of four per cent, because there are several factors in the formula, some of which we have indicated, but there is that other factor. So I would not want you to draw from these figures that our estimate of the premium increases is four per cent.

Senator CROWLEY—I think I may have missed it, but do you have figures on what amount of tax is collected from people whose income is above $50,000 but they are not buying private health insurance?

Ms Sperling—We do not have it here, but we can table that information.

Senator CROWLEY—Thank you, I would appreciate that. Can we have the number of people and the amount, or would you only be able to give me the amount?

Mr Wells—We will give you what we can, Senator. If we can give you both, we will.

Ms Sperling—It is dependent on the way the information is collected by the ATO, so we will see what we can provide.

Mr Wells—It is information we get from the ATO; we do not collect it separately.

Senator CROWLEY—I appreciate that. Thank you.

Senator McLUCAS—Why are the funds getting higher than anticipated claims from their newer members? Do you have any information as to why that is the case?

Mr Wells—I think the answer to that question is partly that the claim rate went up higher than expected—the take-up of new members—but the reasons underlying that are not clear and we do not think we have enough time series data yet to draw too many conclusions about that. It could be a blip regarding the people coming in and then it will settle, or it could be a trend. We are looking at that, but we do not yet have enough time series data to draw any real conclusions.

Senator Patterson—Senator McLucas, my hunch is that some people may have had conditions that they put up with. They would have waited for ages to have elective surgery in the public system. They take out private health insurance and they decide, 'I'll get it done'—a niggling knee or a bunion. That is my hunch but I do not know. We might have to wait until we get the data.

Senator McLUCAS—Will you do an analysis of the minister's hunch, which needs to be tested, I think?

Mr Wells—We will certainly analyse the data.

Senator CROWLEY—Could we factor in for the minister's hunch how many of the people taking up private insurance are allowed to act on, 'Well, I was going to have to wait and now I will get it done,' when most funds actually require a certain period of belonging to the fund before you can proceed with procedures.

Mr Wells—Senator, it is usually a 12-month period.

Senator CROWLEY—That is right, I understand that. I just put that in as a small qualification to the minister's hunch.

Senator Patterson—But we have got through that 12-month period.

Mr Wells—The issue is the growth is going up quicker than was anticipated and that is why we need time—

Senator CROWLEY—Do you have a gender and age breakdown on the people who have signed up?

Ms Sperling—That information is already available. I will introduce my colleague from PHIAC.

Ms Ginnane—We have a breakdown by five-year cohorts and we can also separate out those persons who are paying a higher contribution rate because they have joined over the age of 30 under the lifetime health cover process.

Senator CROWLEY—Is that in the public arena and I have missed it, or is it something you could provide for us?

Ms Ginnane—It is in the public arena, Senator, but we will provide that data to you.

Senator CROWLEY—That would be very helpful, thank you very much.

Senator McLUCAS—Following on from the minister's comment about the analysis of activity and service that people are requesting from the fund, are you going to do an analysis of the type of service that has been requested?

Ms Sperling—Yes.

Mr Wells—Yes. We regularly do that anyway.

Senator McLUCAS—How do you separate out the types of services, so to speak?

Ms Sperling—We can look at the MBS data, which records procedure by MBS code, and we can have a look at the kinds of procedures that are now being offered and delivered to people with private health insurance as in-hospital patients.

Senator McLUCAS—I just want to return to the discussion about four per cent. Can you tell us what the other factors are that you do consider, even if we do not know their impact on the growth?

Mr Wells—The main factors there are the ones we have listed. Obviously, we make an assumption about premium growth.

Senator McLUCAS—Premium rate growth.

Mr Wells—Yes, increase in premium rates—

Senator McLUCAS—Participation.

Mr Wells—Participation, and the base year estimate. We keep updating the base year. I think they are the main factors.

Ms Sperling—And the split between tax and outlays, yes.

Mr Wells—Tax and outlays which changes—

Ms Sperling—It has flow-on effects.

Senator McLUCAS—They are the variables.

Mr Wells—The main variables, and then there is our assumption about premium rates.

Senator McLUCAS—Of course. There are no other principles that you bring to the equation, shall we say?

Mr Wells—These are worked out with the department of finance. There might well be some underlying general principles around—general indexation factors or whatever.

Senator McLUCAS—General taxation factors, did you say?

Mr Wells—Indexation factors. But these are the predominant ones which shifted most.

Senator McLUCAS—If there are any other factors that you do have to consider, if you would like to provide them later, that would be useful.

Mr Wells—Okay.

Senator McLUCAS—What percentage of the government rebate is being spent on hospital cover and how much on ancillary cover?

Ms Sperling—With respect to the exact information about what the rebate goes towards, the rebate payments are not made in such a way that you can exactly attribute, but you can infer, from the amount of contribution income that is collected by private health insurance funds for hospital cover and ancillary cover, what those proportions are. Last financial year, 27 per cent of health fund contribution income was derived from ancillary products. The actual total expenditure on the 30 per cent rebate was $2.127 billion, and this would imply that the amount of the 30 per cent rebate spent on ancillary products was approximately $580 million.

Senator McLUCAS—Has the department gone through the process of calculating how much is being spent in the ancillary section on things like free gym memberships, sporting aids and those sorts of things that some companies are clearly using as an inducement to join?

Ms Sperling—Again, there is information collected, and I will ask my colleague from PHIAC to provide you with that.

Ms Ginnane—We have a split-up by category of the usage of various categories of ancillary. I do not have that information with me, but I can get it for you for the last several years.

Senator McLUCAS—How does that separate, Ms Ginnane?

Ms Ginnane—It does not specifically identify items such as gym shoes, but it specifies by category—for example, physiotherapy, dental, optometry—the different categories that benefits are paid in for ancillary and, from that, some information can be inferred.

Senator McLUCAS—That would be very useful.

Senator CROWLEY—How do you infer memberships of a gym? It does not sound as though it would come under 'teeth', but what do you put that under? What ancillary thing is that?

Ms Ginnane—I would have to look at the ancillary breakdown, but there is an 'other' category in ancillaries, which is where I would expect most of those would be recorded.

Senator CROWLEY—That category is 'other'?

Ms Ginnane—It is actually 'other' under 'ancillaries'.

Senator CROWLEY—I had the feeling it might be. Do you have any way in which you can sub-plot 'other'?

Ms Ginnane—I beg your pardon, Senator. Last quarter, the Australian total in the ancillary benefits—this is for the December quarter 2001—under fitness and lifestyle courses and equipment, there were 188,000 services and the benefit paid was $11.6 million, approximately.

Senator McLUCAS—What was the name of that group?

Ms Ginnane—The category is actually 'fitness and lifestyle courses and equipment'.

Senator McLUCAS—Eleven point six million dollars?

Ms Ginnane—Yes.

Senator CROWLEY—Courses and equipment?

Ms Ginnane—Yes, that is how it is classified.

Senator CROWLEY—So if Michael Jordan buys his sandshoes, he can actually claim it under his private health insurance?

Ms Ginnane—I think it depends if he is a member of an Australian health insurance fund, Senator.

Senator CROWLEY—He is a hypothetical member. But is it true that people are actually getting subsidies for their gym shoes?

Ms Ginnane—I think some health funds do offer such services as part of a fitness and health program, as in a sense a preventative measure. The total benefit, whilst it was $11.6

million for a quarter, it is worth noting that the total benefits paid for ancillary benefits in the same quarter was $441.2 million. It is a very small proportion of the total benefits paid.

Senator McLUCAS—So it cannot be described as a major factor in the increase of costs?

Ms Ginnane—I do not believe so, Senator.

Senator CROWLEY—It is a small percentage, but I think $11 million is not an amount to be sniffed at. It may be a small proportion, but it is a small proportion of a very large amount, and I am not sure if the government really intended to be subsidising gym shoes and fitness or lifestyle courses.

Ms Ginnane—PHIAC records the benefits paid, Minister. Whether they should be paid is another issue, and it is a policy issue; not an issue for PHIAC.

Senator CROWLEY—I have actually asked some questions about this in the past and been a bit shocked to discover that the department seemed to think it was easier to let something be in than get into the question of judging which should stay in and which should not.

Senator McLUCAS—How much has the cost of gap insurance added to premiums?

Mr Wells—We do not have an estimate of that. The cost of gap insurance is part of the products that the funds offer. We have not teased that out as a separate item.

Senator McLUCAS—You do not do any analysis of any increases?

Mr Wells—We have information about the number of services that are provided under gap schemes, but we cannot analyse what proportion of the premium goes that way.

Senator McLUCAS—Would you agree, though, that there has been an increase in premiums as a result of gap insurance?

Ms Sperling—There has definitely been an increase in medical fees that have been paid out by health funds. In the December quarter, an additional $43 million has been paid out by health funds in respect of medical services.

Senator McLUCAS—You would be aware that an amendment to the legislation was moved by the Labor Party. That required a review of the cost of gap insurance after two years. When will that review be established?

Ms Sperling—Most of the gap schemes started in the middle of last year, so it would be two years after that date.

Senator CROWLEY—Are you aware of inducements private funds have been providing to encourage people to become members—things like a cut in the amount of money that people need to pay, for example?

Ms Sperling—Yes, we are aware of some of those.

Senator CROWLEY—What is the biggest amount of cut that you know of?

Ms Sperling—Under the legislation, they can provide a maximum of one month free membership.

Senator CROWLEY—Do you know how many people are doing that?

Ms Sperling—No, I do not have that information.

Senator CROWLEY—If people pay a reduced membership, at least for their first year in, do they get a 30 per cent rebate of the purported full membership?

Ms Sperling—They would only get a 30 per cent rebate on the actual premiums paid.

Senator CROWLEY—That is at least one tick. Does the government have any concern about the impact of such inducements—that is to say, if they are effectively signing somebody on for $400, that is one example I know of, or one-twelfth less than the going premium, this would seem to be an upward pressure on the amount that funds have to find, and a reason to increase your rebates.

Mr Wells—Sorry, Senator, I am not sure I follow your logic about that.

Senator CROWLEY—If it costs $1,200 to buy your health insurance, but some companies are selling it for $1,100, this would presumably mean that they will be getting less money into their coffers and, therefore, if they are paying out the same amount per procedure done compared with anywhere else, it would be a pressure for them to now increase their premiums.

Mr Wells—The pricing of the individual products within the suite of products that a fund offers is a matter for the fund and is based on market considerations.

Senator CROWLEY—It may be, but at least some of us are talking about the impact of a 30 per cent rebate on prospectively rising rebates and costs to private health insurance. If the private health insurance people want to keep their fees down—and they keep telling us they want to, they keep telling us that there would not be this sort of pressure; and I am sure they assured you all of that, a 30 per cent take, and why wouldn't they—but there is a pressure now that they are coming to ask for, we are told, up to a 13 per cent increase.

Mr Wells—I think with the scenario you are painting, the outlay under the rebate would be reduced for the year. If you can buy a $1,200 product and the first year you get it for $300, we only pay 30 per cent of $300, not 30 per cent of $1,200.

Senator CROWLEY—That is a fantastic saving, but say the person went in to have a hip operation, and that was going to cost $3,000 for the hip and God knows how much for the surgeon and the hospital and everything else, this presumably seems to be the bigger call on the insurance company's funds. Is it not a matter of concern to you that they are now coming to ask for a significant increase in their premiums, but they are actually using things like a one-month cut in the payment for a year?

Mr Wells—The legislation sets out how the premium increase applications are to be considered.

Senator CROWLEY—Is it something you think is worthy of consideration?

Mr Wells—Senator, that would be a matter for policy, but I am still not quite sure—

Senator CROWLEY—Can you do the sums for me on notice? Can you tell me exactly how many people are getting one month off—this would make it a real sum not a hypothetical sum.

Mr Wells—We do not have that, Senator.

Ms Halton—Can I just be clear about what you were suggesting, Senator? The proposition, as I understand it, is that a person in some cases, on joining a fund—not in all cases, but in some cases and subject to a commercial decision by the fund—may be offered the maximum under the legislation, a one-month free period. That is not an annual arrangement, as I understand it—my colleagues can correct me if I am wrong—that is a once-only inducement, effectively, to join that particular fund. We have just had the conversation

about waiting periods, so you are not going to be swapping from one fund to another every 12 months to get a month's benefit, because you will have a waiting period to re-serve, arguably. So is it your proposition that the use of a one-month possibly free period by some funds is a contributor to the increase in premiums?

Senator CROWLEY—I would think it worthy of consideration. It depends on how many people are getting a so-called 12-month first year in for the cost of 11 months. That would seem to me to be a significant contribution to increasing costs, or a pressure on it. Presumably, we pay our premiums so that the funds can store up a certain amount of reserves. Presumably, they are coming to ask you for the right to increase their rebates because they feel those reserves are not sufficient.

Ms Halton—I think the point that Mr Wells was attempting to make was that at the end of the day the amount that we pay, our 30 per cent rebate, is only paid in respect of the premium—

Senator CROWLEY—Let us set that aside for one minute. We cannot exactly, but it certainly seems to me interesting that the funds are coming to ask for an increase in premiums, against which you pay 30 per cent, and at the same time they are able to use inducements, particularly a cut in the amount of premium people need to pay to get in. It seems contradictory.

Mr Wells—There are a whole lot of factors affecting the pressures on the premium that the funds need. That might or might not be one, but the other pressures are growth in numbers of claims and usage rates et cetera.

Ms Halton—The management fees in the actual insurer themselves may be a contributor. There would be multiple things that would contribute to pressures that the funds might feel. Yes, it might be a factor, but I do not know that we feel it is a particularly significant factor.

Mr Wells—Some funds might—

Senator TCHEN—Senator, you are actually asking us to second-guess the fund managers and why they do certain things. In fairness, I think those questions perhaps should be put to the funds, rather than to the officers.

Senator CROWLEY—I am always grateful for assistance from my colleagues who seem to know what I am thinking better than I do, and it might sometimes be the case. If that is the case, Senator Tchen, I am not trying to say that at all. I am interested to know whether the department has got a figure or an estimate of how many premiums are selling their first year in for 11 months.

Mr Wells—Senator, the answer to that is no, we do not have that information.

Senator CROWLEY—Is it possible to get that?

Mr Wells—I do not think so; not on the available information. We would have to restructure the whole system, I suspect.

Senator CROWLEY—Moving on—and I will keep thinking about that—do you have any data on how many doctors in the funds are charging the schedule fee versus how many are charging above it?

Mr Wells—I will have to defer to Ms Ginnane on that.

Ms Ginnane—The gap statistics that PHIAC has for the December quarter indicated that there has been a significant growth in above-schedule fees. I would have to take on notice to provide you with the exact number.

Senator CROWLEY—Thank you for that, and could you also provide the amount above the schedule fee?

Ms Ginnane—Yes.

Senator CROWLEY—My view is that that is probably the end of the questions we have at this time.

Senator McLUCAS—Is Medibank Private the same group of people?

Mr Wells—Yes.

Senator McLUCAS—I understand Medibank Private sought a three per cent increase last year.

Ms Sperling—Can I suggest that you ask these questions of Medibank Private.

Senator McLUCAS—Yes.

Mr Whelan—Senator, Medibank Private did not seek a rate increase last year.

Senator McLUCAS—It did not seek an increase of three per cent last year?

Mr Whelan—It did not.

Senator McLUCAS—So you are categorically denying a report in the *Sun Herald* of Thursday, 7 February. It says:

Senior sources said Medibank had at this time last year informally asked for permission to increase its premiums by 3 per cent. The fund was told that given 2001 was an election year any formal application to increase its premiums would not be appreciated, even though the fund could mount a serious case for a rise.

What are your comments on that reportage?

Mr Whelan—I have no comments on the speculation that journalists might make, regardless of which papers they publish their articles in. Medibank Private did not seek a premium last year. Medibank Private last increased its premium in June 1999 by 1.9 per cent.

Senator McLUCAS—And have applied this year for a premium rise?

Mr Whelan—Yes, on 4 February, and we released a press release and said we had lodged a rate application.

Senator McLUCAS—With the premium rise you are applying for this year, with the factoring that you have come up with to get that figure of 13 per cent, does that reflect the fact that last year you did not apply formally for a premium rise?

Mr Whelan—I am not to discuss the level of premium increase the organisation is seeking this year; that would be inappropriate. It is currently before a process of review by the government and it is obviously a commercially sensitive matter.

Senator McLUCAS—I think we should be clear that Mr Whelan indicated there was no application for Medibank Private last year.

Senator WEST—Yes, I heard that.

Senator McLUCAS—Was any approach made by any officer of Medibank Private to any officer of the department or any member of the minister's office regarding a possible premium rise in 2001?

Mr Whelan—Not that I am aware of, Senator.

Senator McLUCAS—Would you investigate that for me, please?

Mr Whelan—I have investigated that matter and I am not aware of it.

Senator McLUCAS—Could the department also investigate that for me, please

Ms Sperling—We can answer that question. The Department of Health and Ageing, which administers the premium increase process, did not receive an application from Medibank Private or discuss with Medibank Private a premium increase at any time during 2001; nor did Medibank Private discuss the possibility of seeking a premium increase outside of the normal timeframes agreed with the industry on the premium process. In addition, all of the business strategies that Medibank Private prepared and submitted to government during this period took into account the available opportunities for a premium increase in April 2002, and did not refer to a premium increase at any time in 2001.

Senator McLUCAS—Essentially, you are saying there were no formal discussions about a premium rise in 2001.

Ms Sperling—There were no formal or informal discussions with the department about a premium increase in 2001.

Senator McLUCAS—Thank you. Were the conditions last year such that Medibank Private could have sought an increase?

Mr Wells—The organisation, like any other health fund can take advantage of the framework the Commonwealth put in place for premium increases. We saw no reason to do that last year.

[10.13 p.m.]

Senator McLUCAS—Given the time, I might suggest that we put the rest of the insurance questions on notice. We have a very short period of time to deal with outcome 9.

CHAIR—Okay. We will move to outcome 9.

Senator McLUCAS—Can I go first to the question I raised first thing this morning, which went to the issue of the commitment by the minister to funding of $6.1 million for a tropical health institute in Townsville, with outreaches in three other locations.

Mr Wells—Senator, I will have to follow that up further. There were several applications made to the government last year which could relate to this matter, and my understanding was that the ones we received were not being proceeded with. I need more time to follow up; there might well be, for example, a commitment which relates to another portfolio, so I am afraid I will have to take that on notice. I do not have any information on the specific matter you have raised.

Senator McLUCAS—You cannot tell me that the former health minister made a commitment to this project?

Mr Wells—Senator, I have been unable, since this morning or whenever the question was asked, to identify a specific commitment along the lines you have indicated. I am not saying there is no such commitment; I am saying that in the time available I have been unable to

identify that. I will, with your agreement, take it on notice and come back to you when I have had time to make further inquiries.

Senator McLUCAS—You would think that $6.1 million would be able to be identified.

Mr Wells—As I said, we had several proposals last year around James Cook University and possible research institutes. My understanding was that they were not being proceeded with. If there was a further commitment, of which I am unaware, I would need to track that down.

Senator McLUCAS—They were all to do with the tropical health institute?

Mr Wells—They were to do with James Cook University at Townsville, and they were to do with various aspects of health research. I must say I do not recall a specific application called 'Tropical Health Institute'.

Senator McLUCAS—You have not seen the drawings?

Mr Wells—The drawings?

Senator McLUCAS—Yes.

Mr Wells—I have not seen drawings.

Senator McLUCAS—We have, but I do not know that we will ever see it on the ground in this form. They are very schematic and very much related to the election campaign; that is why I am dubious about the minister's actual commitment to the project. I would be very interested, Mr Wells, if you could find some more information about whether or not this is a project that North Queensland can expect.

Mr Wells—I will follow it up.

Senator McLUCAS—The other question is: I would like to know where the funds will be taken from, where will the appropriation come from, to build that institute, I think it is called?

Mr Wells—I would need to take that on notice as well, Senator.

Senator McLUCAS—Certainly; thank you.

Mr Wells—Madam Chair, I had a couple of matters to follow up. Would you like me to clarify those now?

CHAIR—If you would be kind enough; thank you, Mr Wells.

Mr Wells—There was a question about the Ovarian Cancer Initiative. I will just quickly run through that. In April 2001, the then minister wrote to the National Breast Cancer Centre requesting a proposal from the centre to become the women's cancer resource, Australia. On 14 May 2001, the National Breast Cancer Centre responded to the minister, outlining a proposal. The centre proposed a trial over two years to undertake work on ovarian cancer and, at the end of the two years, to prepare a strategic document to look at other women's cancers. On 20 September 2001, the minister approved funding of $500,000 over two years to the National Breast Cancer Centre to undertake the Ovarian Cancer Initiative. On 28 September 2001, the minister used the occasion of the first National Ovarian Cancer Workshop to announce publicly funding to the Breast Cancer Centre for the Ovarian Cancer Initiative. Subsequently, the department has been in discussions with the National Breast Cancer Centre to prepare a contract for the funding, but that process is not yet complete.

CHAIR—Thank you, Mr Wells.

Mr Wells—There were some questions about the review of the application of the Trade Practices Act. I have some further information. First of all, I would like to correct a figure I gave of 146 applications received; I am advised that the figure is actually 53.

Senator McLUCAS—Submissions?

Mr Wells—Submissions to the trade practices review. Submissions received to date are 53, and that is the information as at this afternoon from the secretariat to the review. The breakdown of those submissions is 10 from doctors, that is, individual doctors; 20 from doctors groups; seven from state health authorities; one from a local government agency; two from the ACCC; and 13 others, which would be predominantly individual people, community groups or whatever; I do not have a sub-breakdown of that 13. The review has currently visited—and I will list the places the review has gone to for consultation—in Victoria, Melbourne, Seymour, Shepparton, Wodonga and Albury; in Queensland, Brisbane, Roma, St George and Emerald; in Tasmania, Launceston, Burnie and Hobart. Visits to South Australia, Western Australia, the Northern Territory and New South Wales, are still being organised by the committee.

The further information that was asked, which I will have to continue to take on notice, was about grants made to individual bodies. Certainly, the review has made no grants to any body. But I will take on notice whether any funding has been provided to any body, either to make a submission to the review or with respect to an authorisation to the ACCC.

Senator McLUCAS—Mr Wells, I appreciate you coming back to me so promptly.

Mr Wells—Senator, we were also asked about the number of doctors who have been recruited under the five-year program for people with a general practice qualification from overseas; we have those numbers. We will go through those.

Senator McLUCAS—Just in terms of time, is that document able to be tabled?

Mr Wells—Yes, we will table that.

Senator McLUCAS—Thank you.

Ms Halton—On one of the questions that was asked I think Senator Crowley was expecting a comeback from us this evening. If it is acceptable, we could answer that question now so that some of the officers may be able to go home.

CHAIR—Certainly, that is fine.

Mr Griew—The question, as I understand it, related to representations made by Mr Stephen Eiszele in December last year relating to his desire to place a manual on hepatitis C on a web site he was establishing; he actually made the representation in November. The department wrote back to him in December declining that request. My advice is that we did, however, make the offer that he could establish a link between the web site he was establishing and the department's web site so that people could hop from his web site to the document on the department's web site. Essentially, the reason for this is that we would then not have the problem of having parallel versions of the document, since the document, being a manual, is being updated all the time. It may be a misunderstanding, but that is the offer that was made—to my understanding—and we are certainly happy to discuss that with him if it is not clear.

Senator CROWLEY—So when he said, 'I was threatened with being sued under the Copyright Act,' that is not what you understand was the department's response?

Mr Griew—I do not have with me a copy of the letter that was sent, so I cannot be absolutely sure, but the tone of the interaction, as I understand it, was more one of us making an alternative suggestion. I think there have been two interchanges of correspondence and we have said the same thing both times. There may have been a rebuttal to a suggestion that he was going to do it, anyway.

Senator CROWLEY—What happens if he does?

Mr Griew—We will have to consider our options at that point, but we are making an alternative suggestion which will allow people to simply hop from one web site to the other, subject to the normal—

Senator CROWLEY—That makes good sense, but the other thing is that if he had been minded to, he could have just downloaded your information from the public record, whacked it on his, and he even said he was going to acknowledge where it came from, so people could have pursued it if they wanted to. If he had not spoken to you, he would be sailing along happily now.

Mr Griew—I am not a lawyer, but my understanding would be that he would be in breach of copyright in doing that, and we are making an alternative suggestion to him.

Senator CROWLEY—I am just confused about what people can do with publicly available information on the health department's page.

Mr Griew—That is a question that is more general than my—

Senator CROWLEY—It seems to me to be the crunch question in this difficulty.

Ms Halton—Senator, it is one thing to have a hot link from one web site to another, so as to provide a connection, which means that you know that the information they get is off our web site and is accurate. Let us take on notice what the particular legal issues are. I have a suspicion, but I would not want to chance my arm. There would no doubt be issues about reliability, whether things were updated et cetera, if it was attributed as coming from our web side. I do not what Mr Griew's alternative suggestions are that he was going to be making, but I would imagine that hot linking the web sites might have been one. We will come back to you on the precise legal objection.

Mr Griew—This is a national hepatitis C resource manual that is being updated regularly by La Trobe University. The concern that we would have had is that if you have parallel copies on different web sites, some of them will come to be out of date. It is a fairly prosaic, practical kind of concern. If you can establish instead a hot link so that people from another web site—with attributions that he has offered, apparently—can then hop across to the right one that is being updated, it is just a more practical suggestion. That is, as I understand it, the motives of the officers who wrote back with the suggestion. But as the secretary says, I would not want to try to answer the underlying legal question that you ask. We should get advice on that.

Senator CROWLEY—Thank you very much for the answer. It certainly seems to me quite reasonable that you could say, 'Hey, look, if you get on to me, I'm the hepatitis C people's community group support thing.' It is quite reasonable that they would like to have easy access to the best and most up-to-date information. It would seem to me that if you have a note saying, 'Click here for what it says on the health department site,' that is not too different from saying, 'Here it is,' with the health department acknowledged down the bottom. But I raised it for two reasons. One was on his behalf, because he raised it with me, and I am

not sure how I will reply, but I will get the *Hansard* and use your words, if I might. It raises this concern: what happens if I print off the page of hepatitis C information from the department and stick it on a letter I am sending people? Is there any trouble with this?

Ms Halton—Members and senators regularly distribute material produced by government departments. That is my understanding. If you produce that material and it was dated, that would not be an unreasonable thing.

Senator CROWLEY—I would not have thought it was either, so please tell me why it is unreasonable for him to have a web page that does exactly that.

Ms Halton—Because, Senator, if you think about it, the issue is the currency of it. If you produce the material off the web site at the point that you are going to attach it to your correspondence, or whatever it might be that you are going to do, you know that, if you have taken it off that web site, it is the most up-to-date information because we keep our web material—I have visited those people recently—right up to date. It is the same with material you would get if you went to the minister's office: she would give you the most current material, for example.

Senator CROWLEY—Absolutely. Thank you very much. I am terribly chuffed to know that, if I pop round to the minister, I will get the latest and best. I wish to finish with a couple of questions on this matter. One of the things I can say about any experience I have had with people who are dedicated community group people of this sort is that they usually know five times more than the rest of us, they are searching web pages around the world, and they are absolutely dedicated to being up to date. He makes it clear that he did not want to do anything more than make it easier for folk to get what the health department was saying, which is in the public domain. He did not intend to offend; he wanted to acknowledge where it came from; he would put the date on. It would seem to me that this person is just doing a very good service on behalf of people who are looking for updated information on hep C. Is there a way in which we can help them without having to make him make a link?

Senator Patterson—He can put in a link, and a link is very effective, Senator Crowley.

Senator CROWLEY—Yes, it is.

Senator Patterson—For people who are experienced at surfing the web, a link is the most effective thing. It would be much better for him if the people who want the information have the most up-to-date version on the day it is changed by the health department. Otherwise he has got to monitor it all the time to make sure that it has not changed. It would be much better, and much better for his client group or whoever reads his web page, to go to a hot link to the health site.

Senator CROWLEY—With respect to the fine points of the law, I would be very pleased if we could have some information about why I can print it out and distribute it with the date on it, and there is apparently not a copyright problem, while somebody who puts it on their web page, acknowledging the date it was received, acknowledging that it is from the department, and even saying, 'If you want to be more clear, click on to them,' would have a copyright problem. Why would there possibly be a copyright problem on the web page but not if I print it off and circulate it?

CHAIR—Senator Crowley, I am sure the officers and the minister get your drift. You have now said it about five times. Your colleague Senator Forshaw is anxious to get some questions in for ARPANSA before 11 o'clock. Do you have any new material on this subject or can we move on to Senator Forshaw?

Senator CROWLEY—It is time for me to have a cup of tea.

Ms Halton—Senator Denman foreshadowed some questions in relation to illicit drugs.

Senator DENMAN—Yes, I have put them on notice.

Ms Halton—You have put them on notice, so I can send those officers home. Thank you.

Senator FORSHAW—Thank you for waiting so patiently, Dr Loy, but in your job I think you have to be a very patient person at the moment.

Dr Loy—Indeed, and listening to the proceedings was a great exercise in nostalgia.

Senator FORSHAW—Dr Loy, you are currently considering the application for a licence by ANSTO to build the new reactor; is that correct? Is that the current status of where you are at with the various requirements that you have to carry out?

Dr Loy—That is correct.

Senator FORSHAW—You put out a media release on 12 November. It referred to a two-page statement which was described as an 'assessment of physical protection and security arrangements'. The date on that two-page statement is 9 November. Is there any significance in those dates?

Dr Loy—I think I may have completed the statement on a Friday and then released it behind a press release on the Monday. I cannot think of any greater significance.

Senator FORSHAW—Was it just coincidence that you completed it the day before the election and you released it on the Monday after?

Dr Loy—I hardly even noticed the election, Senator.

Senator FORSHAW—I don't want to take that any further at the moment. In your two-page statement, you indicate that ARPANSA has—and I quote:

> ... formally asked ANSTO to review its current activities and to provide an assessment of potential sabotage or terrorist targets within the proposed replacement reactor facility, and the consequences of successful attacks on these targets.

Can you bring us up to date with what is happening in respect of your request for that review. Can you also comment on the various suggestions for reviews that were made in the papers that were provided to you by Mr Robert Budnitz and Mr Garry Schwarz. You obviously know who I am talking about.

Dr Loy—Yes.

Senator FORSHAW—These were the gentlemen, along with Dr Bill Williams, that were involved in the forum that was held in November. For instance, in his paper, Mr Budnitz makes a whole range of suggestions about reviews, such as the one I have just referred to, terrorist attacks, the claims about the 80-kilometre impact if there was an accident, a review of the PSA technical issues, the spent fuel conditioning that is intended to be carried out abroad, and so on. There are a number of them. Can you give me an update on what is happening with these various reviews that have to be done by ANSTO and then reviewed, I assume, by both ARPANSA and ASNO.

Dr Loy—Yes. I will try to do that as briefly as I can. Certainly, we have received a report from ANSTO in response to the request I made in the two-page statement that you referred to. It analysed the issue of a deliberate large aircraft crash and also examined the other potential scenarios for sabotage and the physical security responses to them. Subsequently, we have

worked on those issues with ANSTO, the Australian Safeguards and Non Proliferation Office and the Australian Security Intelligence Organisation, and have gone into somewhat more detail. I am anticipating receiving a final report on the physical security issues from ANSTO, who have been working with ASIO on that, within the next day or so.

Senator FORSHAW—Who did you say ANSTO would be working with?

Dr Loy—With ASIO, and also with the safeguards office, who have responsibility in relation to nuclear material and have expertise in physical security. Clearly, the physical security arrangements and the scenarios on which they are based are very difficult to talk about in public and to write down in a public way, because naturally it is in many senses a manual for how to attack the facility. Obviously, that is very sensitive information. We can only describe it in general terms. Obviously, as I come to making my decision and explaining it, I will try my best to put as much out as I can.

The issue of an aircraft crash, again, is one that has been taken very seriously, and a great deal of work has been put into the analysis of whether that is at all a possibility. I think there are broad and very plausible arguments that there is a very low likelihood of such an attack being successful, given the physical profile of the facility, the angle of attack and so on, and that you have a reactor building of reinforced concrete and you have a two-metre reactor block of concrete. There are, I think, very sound arguments to say that it is unlikely to be successful.

Senator FORSHAW—Could I interrupt you there. I understand that probabilities et cetera have to be looked at, but as everyone was saying, the world changed after 11 September. Even though people might say it is a very remote possibility for a number of reasons, nevertheless the issue has to be investigated and the public assured about it. If it did happen, if there was a plane crash into that reactor, either deliberately or accidentally, people need to be assured that the consequences of such an incident would not result in some catastrophe to the public.

Dr Loy—We would accept ANSTO's view that the penetration of the reactor block is highly unlikely, but it has analysed the consequences of such an event.

Senator FORSHAW—Are we talking here about the proposed new reactor?

Dr Loy—Yes.

Senator FORSHAW—Is the same exercise being done for the existing reactor, which is a different type of facility—a closed facility?

Dr Loy—Not formally as yet, but obviously we will follow that up. Its analysis looked at the entire radioactive inventory of the core and took into account the almost inevitable consequence of a large aircraft crash, a large fire, so the combination of the energy in the fire and the availability of the radioactive inventory would obviously lead to off-site consequences, assuming that the containment was also breached, which it presumably would be in this scenario.

The energy of the fire would cause the radioactive cloud, if you like, to rise up, to be quite buoyant and then to spread, such that it would be quite dispersed. The doses to any individual would be relatively small, but they would occur at some distance from the facility. We are still playing with that analysis, to be certain that we think it is okay, and we are also looking at its sensitivity to the various assumptions that are made into it. The total collective radiation dose that is figured in that would be comparable to, but a little in excess of, the collective dose that was in the reference accident in the siting licence assessment for the Lucas Height site, but

not dramatically so. There would certainly be no instant fatalities; a number of persons would receive a dose which would increase the risk of a fatal cancer in due course. The total expected deaths from that are a little larger than the reference accident we used in the siting, but not much, and the existing kind of emergency plans, the basis for them, including the national antiterrorist plan, would continue to be appropriate as responses to this, should it occur.

Senator FORSHAW—What is coming through here is that ANSTO are saying to you that the existing design would be adequate to withstand this type of accident or incident, and that there would consequently be no need for any change to design or improved design from what has already been drawn up. Is that correct, or aren't you able to answer that at the moment?

Dr Loy—There is a little bit of yes and no in the answer. In the last few months in any case we have been looking at some of the issues about the design of the containment building, and I think there is an acceptance amongst my technical people, the ANSTO people and the civil engineers involved that some of the upper parts of the containment do need a bit more concrete in them. So that is an agreed position. Whether I think there needs to be any further changes to the design in the light of this analysis is something that obviously I am considering at the moment.

Senator FORSHAW—I have heard it said that actually the existing reactor would be more likely to withstand something of this nature than the new reactor, because the existing reactor is fully enclosed in a concrete building whereas the new one is an open-pool reactor with some type of a cover over the top of it. I am not a nuclear scientist, I am just a local resident, but is there any truth in that, and is the distinction between the different types of reactors relevant in that sense?

Dr Loy—I think the new reactor is a very robust thing—

Senator FORSHAW—Yes, but what I am getting at is that it is open at the top, is it not?

Dr Loy—That is true, and if you were looking at a very large commercial aircraft hitting it vertically that would be an issue. The likelihood of that just seems to us to be beyond imagination. You would really have to imagine someone diving a large aircraft vertically into the structure and they would have a very large chance of missing. You would expect it to be a Pentagon type attack of a slide into the structure.

Senator TCHEN—Anything is possible.

Senator FORSHAW—But that is not the point I am getting at.

Dr Loy—When you are there, when you are looking at the side, then you have got the concrete of the containment building, plus you have got the reactor tank itself sitting in a two-metre thick concrete block. So you have got a lot of stuff to get through before you even get anywhere near the core.

Senator FORSHAW—It might be relevant, might it not, and I think this was one of the issues raised by Tony Wood, who actually supports the new reactor? He raised before the Senate inquiry, and has been raising this on a number of occasions, about the potential for sabotage but, more likely, actual terrorist action where people break through the perimeter of the site or parachute out of helicopters or whatever. It all might have sounded very fanciful six or 12 months ago, but given the Greenpeace demonstration I think on 17 November and what we know about September 11—

Dr Loy—I hope there is a considerable distance to travel between Greenpeace and Al-Qaeda but—

Senator FORSHAW—My point was that the security of the reactor site was breached and people did actually scale up the existing reactor.

Dr Loy—That is obviously true.

Senator FORSHAW—That is the point I am making.

Dr Loy—That is not actually penetrating it.

Senator FORSHAW—No.

Dr Loy—But we have been exploring exactly those kinds of scenarios and the physical countermeasures that would have to be available to make such attacks unlikely to succeed. That has included work—I have some notes here that might help me—with various explosive experts and we have looked at various scenarios, at various different types of explosives and what would happen if there were an explosive actually in the pool itself. The analysis is helping us to reach the conclusion that it is a very robust plant and that, provided it is well protected with sophisticated security measures, it should be able to withstand these forms of attack. ANSTO and the other agencies and ourselves have been putting a lot of work into this and it has been looked at, in my view, pretty rigorously. Obviously, I have now got to review it, in a sense, and decide whether or not, in the light of all of that, there should be further measures taken.

Senator FORSHAW—When did you request ANSTO to do that further review with respect to the impact of a large aircraft incident, and when did they provide you with their response?

Dr Loy—I cannot actually recall the dates; obviously it was before that November press release and note. Obviously, after September 11 we were discussing it amongst ourselves and talking informally, and then that led to the formal letter, but I would have to check my files to know precisely what date it was.

Senator FORSHAW—Would you do that?

Dr Loy—Yes.

Senator FORSHAW—I make the observation, and you can comment, that it seemed to be done fairly quickly, given that the request would have been made after 11 September and you would have had a report, I presume, from ANSTO by early November, because Dr Garnett was making comments about this at the forum in November.

Dr Loy—I think we would have had the first report on which we based further discussions—it is by no means the final document—probably early December. Certainly Professor Garnett did mention it at the forum.

Senator FORSHAW—Yes.

Dr Loy—They did not start from nowhere. It was not as if physical security was invented on September 11. There was clearly a basis for it.

Senator FORSHAW—No, this was something that had never been considered before by them.

Dr Loy—Not all, no.

Senator FORSHAW—They had considered a light aircraft accident.

Dr Loy—Yes, sure. The notion of a large commercial aircraft is a new one, and no-one in the world has designed nuclear plants with that in mind.

Senator FORSHAW—That is right.

Dr Loy—That is not say that the plant would not withstand it, but they have not designed it with that in mind. Probably the German ones are the most robust because of the number of Starfighters that used to fall out of the sky in Germany.

Senator Patterson—I know Senator Forshaw and Dr Loy are really having an interesting time, but I was wondering if we could sharpen up the questions a little.

CHAIR—I thought they were good.

Senator Patterson—I thought they were interesting, but it has turned into a lovely chat.

Senator FORSHAW—You might think it is a chat, Minister, but you obviously do not know anything about it.

Senator Patterson—No, it is a very important issue.

Senator FORSHAW—There are some reasons for my questions and I know Dr Loy knows the reasons I am asking these questions. I will finish them in 10 to 15 minutes, if you would stop interrupting.

Senator Patterson—Dr Loy, I have not even—

Senator FORSHAW—Dr Loy, you mentioned—

Senator Patterson—Excuse me, let me finish, Senator Forshaw. I think Dr Loy is actually getting a bit discursive too, so would you just make it succinct.

Senator FORSHAW—Minister, the point about some of this is that you cannot make it succinct.

Senator Patterson—Yes, you can.

Senator FORSHAW—You cannot make a lot of this succinct. If you care to visit the ARPANSA web site, you will find that out.

CHAIR—Senator Forshaw, would you care to proceed instead of having a ding-dong about it.

Senator FORSHAW—Dr Loy, you just mentioned that no-one in the world had considered this possibility before. There is a lot of work now being done throughout the world on just this issue, is there not?

Dr Loy—Yes.

Senator FORSHAW—Have you availed yourself of what work would have been done around the world at all the other reactors to check out these issues, given the short space of time it appears that ANSTO is able to come up with their conclusions?

Dr Loy—I think there are two things. You can make some judgments, based upon reasonable assumptions and knowledge of impacts of lighter aircraft upon concrete, about the consequences of larger ones. What nobody has done in the world is really do that in a totally vigorous way, doing all the mathematical modelling and computer codes and so on. That is what will happen over the next months and years, and certainly we are in contact with that work. For example, the Nuclear Energy Agency is holding a conference of experts in this field and we are sending one of our people and another Australian expert to that conference. So we

will be keeping in touch with that work. But the arguments ab initio can be made upon reasonable grounds without doing it in a fully rigorous fashion. The judgment I also have to make is whether there are further design features that might be changed to make those arguments even more strong.

Senator FORSHAW—I take you to the words that have been used—and they are in various reports that were presented to you—that we need to adopt world's best practice specifically in regard to these reviews. How can that concept have been implemented if ANSTO has already provided a report?

Dr Loy—I think we are probably at least equal, if not ahead, of world's best practice in this because we are actually thinking of constructing something whereas other people are just looking at existing plant. We are certainly in touch with what is happening in the international agencies. I recently visited the UK, Germany and France to talk with people there about what they are doing. So I think we are well in touch with what is happening in the world, and I am confident that we have a good basis for me to make a decision in this area.

Senator FORSHAW—Dr Loy, I am conscious of the time. The other issues that I had asked you to comment on, which you are aware of, I will identify in questions on notice so that you can respond to them. I want to move on to a couple of other quick issues. What is the current state of play with the requirement that, before you issue a licence, you would be satisfied either that appropriate arrangements are in place or, to paraphrase it, that sufficient progress is being made to establish a waste repository?

Dr Loy—They are judgments I will have to make in the context of making this decision. I think I talked in the past about needing to be presented with a plan for the management of the spent fuel from the replacement reactor. ANSTO have done that, they have presented a plan, and I have to analyse that and say whether I am satisfied with it.

Senator FORSHAW—Have you asked them for a contingency plan?

Dr Loy—No, but I have not made a decision on the licence either.

Senator FORSHAW—Okay.

Dr Loy—The second part of that is progress being made upon the issue of a store for the intermediate level spent fuel waste once it returns from the reprocessing or conditioning? The progress on that, as you are probably aware, is that the government does have an advisory committee set up that is looking at siting criteria for a store, and they have put out a discussion paper. I think the responses to the discussion are back and the committee is no doubt mulling over them now. On the repository, they are in the process of preparing an environmental impact statement.

Senator FORSHAW—This of the three potential sites in South Australia?

Dr Loy—That is correct.

Senator FORSHAW—Are you able to say when you are likely to make an announcement about the application to construct?

Dr Loy—At this point, I think I will have enough information to make a decision during March.

Senator FORSHAW—Thank you. The only other question I wanted to ask you is in relation to the recent report of a radioactive device—I forget what it was called. It has gone missing and they are still looking for it on the site—it got some news coverage. I think it was

reported to ARPANSA. Can you tell me what is happening there? I do not think they have found it yet, have they?

Dr Loy—Not to my knowledge. Yes, it was reported to us. We obviously asked ANSTO to undertake searches. I wrote to ANSTO on 1 February asking them a number of specific questions that flowed from some examination of the issues that have been conducted by my staff and also said that they should notify all the state and territory radiation authorities, as well as contact any users that they delivered other sources to during that time in case it was accidentally given to the wrong user. They have not yet come back with a detailed response to that letter. The last I heard was that the source still had not been found but they remained still confident that it was on the site. Obviously, that confidence must diminish as time passes.

Senator FORSHAW—Did you give them some sort of time line by which to respond?

Dr Loy—No, I have not made a formal time line, but I would certainly be expecting something by next week.

Senator FORSHAW—Are you able to say what consequences, if any, would flow if they do not happen to locate this device? What powers do you have to deal with this or do anything about it?

Dr Loy—Certainly I have a number of powers; how I would best exercise them is something I have not determined at this point. We have certainly asked them to look at some scenarios for different routes it might have in the community in some way and what sort of impact that might have. The source itself is not one of great risk, so it is not a critical public health issue from that point of view, but nonetheless it is obviously not a good thing to not have it under control and it also indicates some weakness in procedures which we will be interested to make sure are addressed.

Senator FORSHAW—Finally, just to go back to the reference I made earlier about the incident that occurred—call it a demonstration, whatever—when a number of people gained access to the site, scaled up the existing reactor, did you take any action as a result of that such as contacting ANSTO to have a look at their security arrangements?

Dr Loy—We had discussions with the safeguards office about that and we took the view that we would—

Senator FORSHAW—That is ASNPO?

Dr Loy—Yes, that is right. They have responsibility for physical security because of the safeguards agreements and the nuclear material on the site. We took the view that they were better placed to deal with the physical security implications about invasion than we were. Obviously they are keeping in touch with us, but they are dealing with ANSTO and I understand have agreed a number of changes as a result.

Senator FORSHAW—Thank you, Dr Loy, and I do once again thank you for your attendance here today.

Dr Loy—Thank you.

CHAIR—Thank you, Senator. May I thank the minister, Ms Halton and all the officers, and I now declare the meeting closed.

Committee adjourned at 11.02 p.m.