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COMMUNITY AFFAIRS LEGISLATION COMMITTEE

**Reference: Private Health Insurance (National Joint Replacement Register Levy)
Bill 2009**

MONDAY, 15 JUNE 2009

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SENATE COMMUNITY AFFAIRS

LEGISLATION COMMITTEE

Monday, 15 June 2009

Members: Senator Moore (*Chair*), Senator Siewert (*Deputy Chair*), Senators Adams, Boyce, Carol Brown and Furner

Participating members: Senators Abetz, Back, Barnett, Bernardi, Bilyk, Birmingham, Boswell, Brandis, Bob Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Farrell, Feeney, Ferguson, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Hanson-Young, Heffernan, Humphries, Hurley, Hutchins, Johnston, Joyce, Kroger, Ludlam, Ian Macdonald, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Nash, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Sterle, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Adams, Boyce, Furner and Moore.

Terms of reference for the inquiry:

To inquire into and report on: Private Health Insurance (National Joint Replacement Register Levy) Bill 2009

WITNESSES

CALDER, Ms Rosemary, First Assistant Secretary, Acute Care Division, Department of Health and Ageing 1

HILL, Ms Kathy, Director, Prostheses Section, Department of Health and Ageing 1

KINGDON, Ms Anne, Director, Legal Policy Section, Department of Health and Ageing..... 1

SHAKESPEARE, Ms Penny, Assistant Secretary, Private Health Insurance Branch, Department of Health and Ageing 1

Committee met at 9.00 am

CALDER, Ms Rosemary, First Assistant Secretary, Acute Care Division, Department of Health and Ageing

HILL, Ms Kathy, Director, Prostheses Section, Department of Health and Ageing

KINGDON, Ms Anne, Director, Legal Policy Section, Department of Health and Ageing

SHAKESPEARE, Ms Penny, Assistant Secretary, Private Health Insurance Branch, Department of Health and Ageing

CHAIR (Senator Moore)—We welcome officers from the Department of Health and Ageing. Information on parliamentary privilege and the protection of witnesses and evidence has been provided. As departmental officers you will not be asked to give opinions on matters of policy although this does not preclude questions asking for explanations of policy or factual questions about when and how policies were adopted. Do you have an opening statement, Ms Shakespeare?

Ms Shakespeare—I do.

CHAIR—Good. Other witnesses can chime in if there is something they want to add and then we will go to questions. I know you have a very tight schedule and you have been doing lots of briefings, so we do appreciate your availability this morning.

Ms Shakespeare—The National Joint Replacement Registry collects information about joint replacement surgery such as hip, knee, ankle, shoulder, wrist and spinal disc replacement procedures and reports on the safety and quality of those procedures and devices used in the operations. The work of the National Joint Replacement Registry is critical to improving health outcomes for many Australians. Around 70,000 people had joint replacement surgery in the last 12 months. The registry estimates that the information it has provided has improved surgical practice reducing the number of unnecessary revision surgeries by 1,200 procedures per year.

In addition to improved patient outcomes the National Joint Replacement Registry estimates that it has saved the health sector and consumers around \$44.6 million based on reductions in the level of hip and knee revision procedures while the National Joint Replacement Registry has been operating. Expenditure on hip and knee prostheses represents around 30 per cent of total expenditure by health insurers on prostheses. Insurers paid over \$1 billion in benefits for prostheses in the 2007-08 financial year out of a total \$7.4 billion spent on hospital benefits in that year. This means that prostheses expenditure represents about 15 per cent of privately insured hospital benefit outlays.

The National Joint Replacement Registry assists in ensuring this funding and public hospital expenditure is directed to better performing products with lower revision rates. The Private Health Insurance (National Joint Replacement Register Levy) Bill 2009 will impose a levy on joint replacement prostheses sponsors in order to fund the National Joint Replacement Registry. Taxpayers have met the operating costs of the registry, which are now \$1.6 million a year, for over 10 years. It is appropriate that manufacturers and importers of medical devices used in joint replacement surgery now fund the cost of the National Joint Replacement Registry.

The National Joint Replacement Registry provides invaluable post-market surveillance of joint replacement prostheses and this monitoring of the safety and quality of devices provides considerable benefit to the industry by improving consumer confidence in the safety and efficacy of joint replacement devices. Any device showing high failure rates can be identified quickly and promptly removed from the market. The data produced by the National Joint Replacement Registry also assists the industry by informing the development of new prostheses allowing manufacturers to draw on reliable performance information for existing products and designs.

The bill introduces cost-recovery arrangements that will produce \$5 million in budget savings over four years. Legislated cost-recovery arrangements will ensure continuing and stable funding for the critical work of the National Joint Replacement Registry and ensure that it can continue to provide data to improve patient outcomes. The proposed arrangements will preserve the independence of the National Joint Replacement Registry. As levies will be imposed under legislation and collected by the government on behalf of the National Joint Replacement Registry there will be no possibility of funding being withdrawn from the registry by medical devices sponsors who are not happy with its findings.

CHAIR—Thank you, Ms Shakespeare. Does anyone else want to add anything at this stage? If not, we have got a few questions. I presume that someone was watching or listening on Friday to the evidence that was

given by the industry, so you know the issues that were raised. I know that people have some questions about that. Today we would like to hear some response to some of the issues that were raised on Friday so that we have a balanced process. Senator Boyce, do you have any questions?

Senator BOYCE—Yes, thank you. Could you step us through how this is going to work, with the four days a year spots in time. Could you explain how the system is going to work?

Ms Shakespeare—Certainly. The bill sets up the architecture for the levies to be imposed. Under the bill there would be a maximum of four levy days each year plus a possibility of an additional two supplementary levy days each year.

Senator BOYCE—What gets levied on a levy day? I guess that is what I am interested in.

Ms Shakespeare—Levies do not need to be imposed on all four or even six of those days. During our consultations with industry on the appropriate levy rates, we discussed that it would be better to levy only once year. That would reduce administration costs to the device sponsors who are being levied. But we have not discussed that with device sponsors at this time. The legislation sets a maximum of six days a year, so it is not necessarily the case that the levies would be imposed that many times a year. The levy days are set out under rules similar to those that we have for industry. Generally how those work at the moment for other levies that we have for industry, for instance, the Private Health Insurance Administration Council administration levy, is that the census day is one month before the levy imposition day, so that provides some certainty to people. So, if I have products on the prostheses list at this day, then I will be subject to a levy, which is imposed one month later. But again, the time between the census day and the imposition day will need to be discussed with industry before it is made under the rules.

Senator BOYCE—Are we talking about a per product, per listing levy?

Ms Shakespeare—Yes. The bill will establish that the levy rate, which is set under the rules, is imposed on each listing on the prostheses list for a joint replacement listing for a product.

Senator BOYCE—We had evidence on Friday that some prostheses are modular and might involve three or four items. How are you intending to address that? Would each part of the joint be levied, or would the unit be levied?

Ms Shakespeare—It is however the sponsor has their products listed on the prostheses list. Some products are listed as modular products, so it has only one listing and usually there is a higher benefit for products that have several pieces combined together for one listing on the prostheses list. Other sponsors have several listings and have each component part listed separately. That is something that is a commercial decision of the sponsor when they are applying for listing. We do have a range of approaches taken by different sponsors.

Senator BOYCE—What are the pros and cons on either side of that? Is it going to be cheaper for a sponsor to list something as modular? Does it make any difference to you or to the government?

Ms Shakespeare—The government has proposed that there be a range of levies set in consultation with industry under the rules, because there is a broad range of approaches taken to listing products on the prostheses list. As I said, some sponsors have individual component pieces like bolts and screws listed separately on the prostheses list, whereas others have whole products with several components listed together, at a much higher benefit.

We considered the best way to determine the levy and thought that, because there is such a wide range of benefits for different types of listings, it would be appropriate to set the levy based on benefit ranges rather than just having a flat fee that applies to anything listed on the prostheses list because there is a very broad range of benefits available.

Senator BOYCE—On of the concerns raised by the manufacturers and suppliers on Friday was that items that are not much used or held as a spare part, so to speak, for revisions or replacements that might need to happen 10 years down the track, may well cease to be listed if there is going to be a cost involved in doing this. What is the department's view on this?

Ms Shakespeare—Again the bill would allow levy rates to be set from nil, zero dollars, up to \$5,000 as a maximum. If there are particular items that are going to be withdrawn from sale if there is a levy imposed, it is available to the government to set the levy for a particular product at zero. We need to discuss that with industry because our objective is to make sure that patient outcomes continue to be achieved and the levy is not designed to remove products from the prostheses list. We would need to assess, I suppose, if there were

claims from a sponsor that they would withdraw a product, whether or not those claims were genuine by looking at utilisation data for those products.

Senator BOYCE—That was going to be my next question—who would make those decisions? How would that process work?

Ms Shakespeare—The levy rates are set under rules made under the bill. The rules are determined by the government following consultation with industry but they are subject to disallowance.

Senator BOYCE—So if industry were to come to you and say, ‘We hold these in stock because in some period over the next seven years someone might need a replacement one but they’re hardly ever used,’ who will make the decision as to whether that should have a nil levy or not?

Ms Shakespeare—The government in consultation with industry.

CHAIR—From my reading of the bill it is that the minister determines. She may well delegate that.

Ms Shakespeare—Yes.

Senator BOYCE—You note the UK system in your submission and that was both criticised and suggested as being a quite different system within some of the evidence we received on Friday. Can you outline for us the similarities and the differences of the UK system?

Ms Shakespeare—The UK system is funded through a levy on products sold. So in that way it is similar to what we are proposing—a levy on joint devices that are used in Australia. I suppose there are slightly different ways in actually imposing the levy because at the moment on the prostheses list we cannot match up our benefit data with utilisation data from the National Joint Replacement Registry. The registry has been working with product sponsors over a number of years—

Senator BOYCE—Sorry, do you mean you cannot say there are X amount of benefits here so there must have been X number of these joints used?

Ms Shakespeare—At the moment the National Joint Replacement Registry knows how many of each particular device has been used because it collects information from all joint replacement surgeries. However, the National Joint Replacement Registry has no access to costings data. We have benefit data on the Commonwealth Prostheses List and we have all been in discussions with prostheses device sponsors over the last few years to try and match up those two data sets so that we can work out how many products sold at this benefit are being used, but that is not currently possible because the sponsors have declined to provide that information. However, I understand that they have recently reached agreement with the National Joint Replacement Registry to provide billing codes to the registry. In future we will be able to match up utilisation data with benefit data which will allow the levy to be set in a similar way to the UK levy.

Senator BOYCE—What about the involvement of other bodies in the levy system? It was proposed by the manufacturers and suppliers that surgeons, surgery areas, private health insurers et cetera should be contributing towards the levy. Was that system considered by the department?

Ms Shakespeare—The arrangements proposed by the government are consistent with the Commonwealth government’s cost recovery guidelines in that the costs would be met by those who have a direct financial benefit from the operation of the prostheses at the National Joint Replacement Registry. We have other examples of levies imposed under Commonwealth cost-recovery arrangements that also provide benefits to other stakeholders. Another one that I am personally involved with is the levy for the costs of the Private Health Insurance Ombudsman, who provides services to consumers, doctors, hospitals as well as private health insurers. But, because the most direct financial benefit of having those ombudsman services available in the industry accrues to the private health insurers, they are levied for the costs of running those arrangements. Similarly, that is what is proposed in this case. Those that have the most direct financial benefit would contribute to the cost through the cost-recovery arrangements.

Senator FURNER—On the same point, I would like to know whether that is the same model that is being proposed in this bill—the one you are referring to with different registries?

Ms Shakespeare—Here?

Senator FURNER—Yes.

Ms Shakespeare—In this case, the most direct financial benefit from the registry in the government’s judgement goes to the sponsors of joint replacement products, who benefit from the registry by the increased

consumer confidence in the market and also the information that it provides to those sponsors in the development of new products because they have got reliable performance information.

CHAIR—Are all the levies that are put through the department put through your unit? I am surprised that your submission did not draw those comparisons. We only found out in the evidence from the industry on Thursday—whenever—that there were other levies. It seems to me a fairly important piece of comparative evidence that there are other, pre-existing levies operating within the system and how they operate. I want to find out what other levies are operational and how they work. Is that something that is available? It is not on your website, because I looked. If we have a methodology for imposing levies in the health system, which you have explained that we do, it would be useful to know which ones are there and how they work to make sure that this is a pre-existing model—because it is not in the submission, and that seemed odd to me. It is a levy and there is a lack of awareness about the way the levy system operates. So if we can get from your unit or your department some information about how other levies operate and how many there are, it might make this one look a little less novel.

Ms Shakespeare—We can certainly provide information on other, existing levies in the health portfolio. The Department of Finance and Deregulation produces the government's guidelines on cost recovery.

Senator BOYCE—Out of that, which is where I was heading, can we confirm that the methods you have used here for establishing levies follow the guidelines you have used in all other cases or some other cases?

Ms Shakespeare—All cases, as far as I am aware. There are other levies across the department. I am most familiar with those affecting the private health insurance industry. I know that the TGA is also cost recovered but I do not know a lot about the details.

CHAIR—It is a costing, not a levy.

Senator BOYCE—On that basis, I was also wanting information about how many other registers there are. I know there is cancer database. How many other registers does the department of health have?

Ms Shakespeare—As far as I am aware, this is the most developed registry operating at the moment. The Australian Commission on Safety and Quality in Health Care is currently piloting some other registries. I do have some details of those here. They established operating principles and technical standards for the clinical quality registries in 2008 in consultation with the National Health and Medical Research Council and the National eHealth Transition Authority. The ones that are being piloted at the moment—until November this year—include a hip fracture registry, a stroke registry, a burns registry and a cardiac procedures registry.

Senator BOYCE—Who is financing those at the present time?

Ms Shakespeare—Because they are being piloted it is through the Commission on Quality and Safety in Health Care.

Senator BOYCE—Not directly relevant to the legislation but perhaps relevant to the ongoing functioning of the register: the case was put to us by the manufacturers and suppliers that failure rates with a particular prosthesis need not be because of the prosthesis. It would seem to them that there is not enough analysis done of the skills of the surgeons using those prostheses. Failure rates are not always a result of the product; they may be a result of the person doing the work. How are you proposing to monitor that qualitative side of it?

Ms Shakespeare—That is really the responsibility of the TGA, I think, when it is considering whether or not there is a failure rate that is attributable to a product that has been approved for use in Australia. The TGA already uses the National Joint Replacement Registry for its post-market surveillance work. It finds that it is a very valuable resource to monitor the performance of products. The information from the registry is interpreted by people at the TGA in consultation with the Australian Orthopaedic Association.

Senator BOYCE—Would they have enough information from the register to be able to say that it is a particular surgeon in a particular area who seems to be having the biggest problems with this particular product?

Ms Shakespeare—I would assume so, yes.

Senator BOYCE—Perhaps that is a question to ask elsewhere.

Senator FURNER—Concentrating on the levy rate, we heard evidence last Thursday from industry that the levy rate does not take into account utilisation of devices. They cited the case of a rarely used but expensive paediatric device; I think it was around \$67,000. Can you comment on why utilisation rates have been incorporated into the levy?

Ms Shakespeare—It is not currently possible to match up benefit data that is available on the Commonwealth Prostheses List with utilisation data from the National Joint Replacement Registry. This is something that we have been working to achieve with device sponsors over a number of years, and they have recently agreed that they will provide billing code data to the National Joint Replacement Registry in future, which will make it possible to take into account utilisation data when setting levy rates. At this stage it is not possible, because the information has not yet been provided by the joint replacement sponsors.

Senator FURNER—So the data is not available. Is that what the industry is saying?

Ms Shakespeare—That is right.

CHAIR—Could I ask a question on that. I am a bit lost in terms of the process. In the background information it says that usually a theatre sister is the one who provides the information to the register, and they would say, 'At Mater on a day there were X of these things done and Y of these things done.' Why would that not be automatically able to be translated? X is a definable product in surgery that is used. Why can't you look at the private health data and say 'X has a rebate of this much.' I just do not understand that.

Ms Shakespeare—There are different numbers used for devices. Generally what is used at the hospital level would be a catalogue number, whereas on the prostheses list we have billing code numbers. There can be several catalogue numbers included in a single billing code. While it is possible, for some products, to match them up, it is not for all. In time, as the billing code data can be matched up through the registry with the catalogue numbers that are provided, we will be able to take into account utilisation data as well as benefit data in setting levies.

CHAIR—And this has been going on for 10 years without a change?

Ms Shakespeare—I know that the Australian Orthopaedic Association has been negotiating with device sponsors over a number of years. I am not sure that it is over the full 10 years. I have been advised that recently they have reached agreement with the Medical Technology Association of Australia that they will provide billing code numbers to the registry, but it is really only in the last couple of months that that has occurred.

Senator FURNER—So there is no way we can get any information from the registry for what the utilisation rates are?

Ms Shakespeare—We can. It is just not possible to match it up with the information we have on the prostheses list, but it will be in future.

Senator FURNER—A number of submitters, including Orthotech Holdings and Smith & Nephew Surgical, stated that all the costs of the NJR will be channelled through the private health arrangements. Is that going to happen?

Ms Shakespeare—That is right. If we can use utilisation data from the National Joint Replacement Registry and match that up with the benefit data we have in the prostheses list, then it will be possible to levy particular products as they are sold, including in the public and private sectors. If we are setting levies, as we are under this bill, just based on benefits listed on the prostheses list, that relates to provision of products in the private sector. There would not be, in our assessment, products that are used in the public sector that are not included on the prostheses list. But if you are not basing the levy on utilisation data then you will not be saying, 'This product was used six times in the public sector so therefore there are six charges here, and then it was used a thousand times in the private sector so there are a thousand charges there.'

CHAIR—It does seem odd, Ms Shakespeare, that, if we are looking at the cost of the process, every surgery is a process. So under this proposed levy, every device that is put on the list by a sponsor will not be subject to the levy. Is that right?

Ms Shakespeare—No. Everything that is included on the prostheses list as a joint replacement device will be subject to the levy.

CHAIR—But only for private surgeries.

Ms Shakespeare—It is not going to be levied per surgery or per item used; it is per listing. So if a product is listed on the prostheses list at a particular point in time—

CHAIR—It will be subject to the levy.

Ms Shakespeare—there will be a levy imposed on that listing.

Senator ADAMS—Last week when we had our witnesses before us probably one of the most important issues was this: how much consultation did the department have with industry? Industry certainly were not happy about the level of consultation—if any.

Ms Shakespeare—For this particular budget measure, there was no consultation with industry prior to it being announced in the budget. Since budget night, we have provided a detailed briefing to the Medical Technology Association of Australia. That was on 21 May. They are currently holding information sessions which are open to members of the public including device manufacturers and importers. We held one in Canberra last week, one in Sydney and one in Melbourne, and we will have one in Brisbane on Thursday this week and in Perth on Friday.

We have also had consultations with the industry about the proposal to cost-recover the cost of the National Joint Replacement Registry in the past. I think it was discussed in 2006. At that stage the proposal was to recover the costs of the registry through the levies that are imposed to recover the cost of the prostheses list processes—that is the cost of the Prostheses and Devices Committee and its subcommittees that set benefits through the prostheses list. At that time, industry's reaction was that it would be inappropriate to fund the National Joint Replacement Registry costs through prostheses list levies because that would impose costs on sponsors that have nothing to do with joint replacement products—so, those that have pacemakers, defibrillators and stents and do not necessarily produce or import any joint replacement devices. So I suppose that feedback was taken into account in developing the current proposal because the levies would be imposed directly on the sponsors of joint replacement products rather than any sponsor that has a product on the prostheses list.

Senator ADAMS—Really what you are saying is that the budget was the first indication that they were going to be actually levied. I mean, 2006 is quite a long time ago now and that was the first indication for industry that that levy would be introduced.

Ms Shakespeare—Certainly in the current financial year, yes.

Senator ADAMS—Secondly, when were the two seats for the industry body representatives removed from the board?

Ms Shakespeare—We will have to check on the date that those seats ceased to exist for that particular committee. There is currently a representative of industry on the registry advisory committee which was set up two years ago. Industry have been represented on the registry advisory committee since then.

Senator ADAMS—What is the process for the advisory committee to report to the board?

Ms Shakespeare—They are an advisory committee; they provide advice to the management board of the registry.

Senator ADAMS—So therefore, without having a member from industry on the board, it is advice provided but they do not really need to take notice of that advice do they and carry on with it?

Ms Shakespeare—They provide advice. It is not just industry providing advice. There are also representatives of consumers, health insurers and the government on that registry advisory committee.

Senator ADAMS—What I am saying is that it is only a recommendation up to the board from the advisory committee; therefore there is no reason why the advisory committee should actually implement that recommendation.

Ms Shakespeare—I suppose it is the government's position that it is very important that the registry remain independent from industry because there would be a vested interest in information about particular products not being provided if there is poor performance. While the government has insisted that there be industry representation on the advisory committee, I do not think it would be the government's position that industry representatives should have the power of veto on the management or running of the registry.

Senator ADAMS—How many members of the board are there?

Ms Shakespeare—We would have to take that on notice.

Senator ADAMS—If you could. Secondly, what areas do those members come from? I think it is fairly important because the statement that you have just made is that industry should not be represented on that board, but I would really be interested to know the composition of the members of the board as to where they sit and what implications arise from there.

Ms Shakespeare—Can I clarify, are you asking for the composition of the registry advisory committee or the management board?

Senator ADAMS—Both, thank you.

Ms Shakespeare—The management board, under the Australian Orthopaedic Association rules, are all orthopaedic surgeons.

Senator ADAMS—Yes, they gave evidence to us last week.

CHAIR—Ms Shakespeare if we could get on notice who is on that board and who is on the advisory committee and some background I think that is really important. My understanding would be that the rationale for changing the board and just having it as who it is would have been the independence aspect. If we can get when the decision was made to change the make-up of the board and the rationale given it would be also useful considering the evidence that was given last week. I think the term used was ‘no taxation without representation’ which has been used over many centuries with some relevance. If we are going to respond effectively to the issues that were raised, we have to have that information.

Senator ADAMS—Just on the data and the timing of when up-to-date data is released, the industry felt that a lot of work should be done on that and that they were not getting access to up-to-date data as it was quite old. Can you comment on the process of how the data is released and who can access it?

Ms Shakespeare—At the moment there are public reports that are made available by the registry. I suppose the comment that it is not up-to-date data is because the data needs to go through a process of review before it is publicly released. I understand that the Australian Orthopaedic Association has also been discussing with industry providing access to real-time data from the registry. There is already work underway to improve the quality and timeliness of the data provided to industry.

Senator ADAMS—Thanks.

CHAIR—The other ongoing issue with all of our committees at the moment is the link between regulation and the primary legislation. Consistently through this process as well we have been told that the detail is going to be in the regulations which will be developed. Can you tell us at what stage the regulations are now?

Ms Shakespeare—We need to consult with industry before we can finalise drafting of the regulations. That is again consistent with the government’s cost-recovery guidelines. We are developing a cost-recovery impact statement which we will consult with industry about and then, while we are doing that, we will talk to industry about the most appropriate ranges of levies to be set under the rules. The rules have not really been drafted yet.

Senator BOYCE—Will that cost-recovery impact statement be public?

Ms Hill—Yes.

Senator BOYCE—Perhaps it would be useful to have a copy of that.

CHAIR—When it comes.

Senator BOYCE—If you could provide us with a copy of that as soon as it is available, that would be good.

Ms Hill—Certainly.

CHAIR—Are you aiming for full cost recovery?

Ms Shakespeare—Yes. The budget papers include an estimate of registry costs over the forward estimates period, and the levy we would be recovering would be the actual costs of running the registry from year to year.

Senator BOYCE—The Orthopaedic Association told us that they currently do provide reports on request, for which they charge the ABS rates. Would those revenues be taken into account when you set levies?

Ms Shakespeare—That is again something I think we need to consult with industry about, and also the registry. I think the registry has collected on average \$12,000 a year through the fees it charges for particular reports, and out of a budget of \$1.6 million that is not a great amount, so it could quite easily be absorbed into the cost-recovered processes. However, there are other benefits to charging for particular reports on a cost-recovered, individual fee basis; otherwise, they could be inundated with requests for additional reports.

Senator BOYCE—Yes, obviously. But, given that we are talking about access to real-time data and a better linkage within the register itself, one can assume that as the data becomes more useful there will be more

requests for reports about it. Do you have a position on whether or not the Orthopaedic Association could make a profit out of running the register?

Ms Shakespeare—No.

Senator BOYCE—Or a surplus, I should say.

Ms Shakespeare—No. The intention is just to recover the operating costs for the registry, not for the AOA to make a profit.

Senator BOYCE—So, if the reports were to be worth \$100,000 a year, that would affect the levy rate?

Ms Shakespeare—If the reports increased to that extent then I think we would need to have a look at the levy rate—if such a significant proportion of income was being achieved outside the levy arrangements and whether that was appropriate.

Senator BOYCE—But the department's firm view is that the Orthopaedic Association should have cost recovery and nothing more; is that correct?

Ms Shakespeare—Yes.

Senator BOYCE—Okay. Thank you.

CHAIR—Any other questions? No. Thank you very much. We will need the information we have asked for fairly quickly, as we are due to report tomorrow.

Ms Shakespeare—Okay. We will not have the cost-recovery impact statement ready by tomorrow.

CHAIR—No, no. I understand that is something that would be formulated while you are going through. We understand that.

Senator BOYCE—That is more for interest's sake. Obviously this is an area that will get revisited once we see how it is working.

CHAIR—It is more the questions about the board and membership et cetera. Was there anything else we asked on notice? I am just trying to remember.

Senator BOYCE—Just other registers and levy systems—

CHAIR—That is right; the other stuff about registers would be very useful, and levies. If you get back and find there is a lot more work and you might have trouble getting that to us this afternoon, could you let us know?

Ms Shakespeare—Sure.

CHAIR—Thank you very much. Thank you for your time.

Committee adjourned at 9.38 am