# HOUSE OF REPRESENTATIVES

## STANDING COMMITTEE ON FAMILY AND COMMUNITY AFFAIRS

**Reference: Concession card availability and eligibility for concessions**

**CANBERRA**

**Friday, 27 June 1997**

**OFFICIAL HANSARD REPORT**

**CANBERRA**

HOUSE OF REPRESENTATIVES STANDING COMMITTEE
ON FAMILY AND COMMUNITY AFFAIRS

Members:

Mr Slipper (Chairman)
Mr Quick (Deputy Chairman)

Mr Ross Cameron
Ms Ellis
Mrs Elson
Mr Forrest
Mrs Grace
Mrs De-Anne Kelly
Mr Kerr
Ms Macklin
Mr Allan Morris
Dr Nelson
Mrs Vale
Mrs West

Matters referred for inquiry into and report on:

The current array of concessions available to low income Australians, with specific reference to :

the adequacy and efficiency of administration of the current system with a number of concession cards issued by different agencies, including the use of concession cards to provide concessions by Commonwealth, State and Local Government agencies;

the adequacy and desirability of current means testing for eligibility for concessions; and

the desirability of greater consistency in the concessions available to concession card holders in different regions and suggestions on standard core concessions.

## WITNESSES


**BEARD, Mr Tony, Director, Concession Cards and Allowance Section, Youth and Special Payments Branch, Housing and Special Payments Division, Department of Social Security, PO Box 7788, Canberra Mail Centre, Canberra, Australian Capital Territory . . . . . . . . . . . . . . . . . . . . . . . . 492**

**BARSON, Mr Roger Andrew, Assistant Secretary, Disability Programs Division, Department of Health and Family Services, GPO Box 9848, Canberra, Australian Capital Territory 2601 . . . . . . . . . . . . . . . . . . . . . 515**

**BRANDT, Mr Peter, Manager, Compliance Branch, Health Insurance Commission, 134 Reed Street, Tuggeranong, Australian Capital Territory 2900 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 520**

**BRAZENOR, Dr Robert Mitchell, Director, Analysis Section, Pharmaceutical Benefits Branch, Department of Health and Family Services, GPO Box 9848, Canberra, Australian Capital Territory 2601 . . . . . . . . . . . . . . . . . 515**

**FELY, Mr John, Director, Business Delivery, Department of Veterans' Affairs, 13 Keltie Street, Woden, Australian Capital Territory . . . . . . . . . . . . . . . 506**

**HARRISON, Mr Murray, Branch Head, Income Support, Department of Veterans' Affairs, 13 Keltie Street, Woden, Australian Capital Territory . 506**

**JOHNSTON, Mr Adam David . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 528**

**NUM, Mr David, Manager, Corporate Planning, Health Insurance Commission, 134 Reed Street, Tuggeranong, Australian Capital Territory 2900 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 520**

**SHEIKH, Mrs Masuda Shamim, Assistant Director, Business Delivery, Department of Veterans' Affairs, 13 Keltie Street, Woden, Australian Capital Territory . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 506**

**TREVETHAN, Mr Morris, Manager, Pharmaceutical Program Branch, Health Insurance Commission, 134 Reed Street, Tuggeranong, Australian Capital Territory 2900 . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 520**

**WINZAR, Ms Peta, Assistant Secretary, Youth and Special Payments Branch, Housing and Special Payments Division, Department of Social Security, PO Box 7788, Canberra Mail Centre, Canberra, Australian Capital Territory . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 492**

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON FAMILY AND COMMUNITY AFFAIRS

*Concession card availability and eligibility for concessions*

CANBERRA

Friday, 27 June 1997

Present

Mr Slipper (Chairman)

Mrs Elson

Mrs Vale

Dr Nelson

The committee met at 9.03 a.m.

Mr Slipper took the chair.

**CHAIRMAN**—I am pleased to open the sixth and last day of public hearings on the committee's inquiry into concession card availability and eligibility for concessions, as referred by the Minister for Social Security, Senator the Honourable Jocelyn Newman in June last year. The committee is looking at several matters, including the range of concession cards currently available, the level of access to these concessions, the complexity of the administration of the current system both for recipients and for those delivering services, as well as how state and local governments are using the cards for the delivery of their own concession services.

This inquiry has been conducted against the background that the government has a commitment to reducing the administrative complexity of the current arrangements in order to improve and simplify the administrative process. The terms of reference for the inquiry require the committee to examine the current means tests for concession eligibility and the degree of consistency applied in different regions and states of Australia.

As this is the last in the series of capital city public hearings conducted around Australia, I would like to take this opportunity to thank all those who have made a contribution and whose cooperation has greatly assisted our efforts to come to grips with the complex issues being considered by this inquiry.

I am pleased to be able to explore issues raised in evidence to date and to obtain further information from federal government departments and instrumentalities with major carriage in this area of administration. The evidence taken today will greatly assist the deliberations of the committee in framing its report. The report of the committee will be tabled in parliament early in the spring period of sittings in August/September.

The Department of Social Security and the Department of Veterans' Affairs have made supplementary submissions to the inquiry. It is proposed to incorporate the supplementary submissions received by the committee in the transcript of evidence. Is it the wish of the committee that the documents be incorporated in the transcript of evidence? There being no objection, it is so ordered.

*The documents read as follows—*

[9.05 a.m.]

**BEARD, Mr Tony, Director, Concession Cards and Allowance Section, Youth and Special Payments Branch, Housing and Special Payments Division, Department of Social Security, PO Box 7788, Canberra Mail Centre, Canberra, Australian Capital Territory**

**WINZAR, Ms Peta, Assistant Secretary, Youth and Special Payments Branch, Housing and Special Payments Division, Department of Social Security, PO Box 7788, Canberra Mail Centre, Canberra, Australian Capital Territory**

**CHAIRMAN**—I welcome officers of the Department of Social Security who are appearing before us this morning and ask the secretariat to administer the oath or the affirmation. As Ms Winzar and Mr Beard come forward, I would like to apologise in advance to those who will be giving evidence today, because the House is actually sitting and there is the possibility that our proceedings might be interrupted by divisions, in which case we will just have to suspend the inquiry for however long it takes to finalise that aspect.

Because of the substance of what the department has provided, I propose with the department's consent to extend the period for your inquisition by 15 minutes to 9.45 a.m., if neither of you has any other pressing engagements. Ms Winzar, would you like to outline a further opening statement, bearing in mind the additional material that you would like to pass on to us at this stage?

**Ms Winzar**—I do not want to say much, but I thought it might be useful for the committee for me to outline what the department has done since we last appeared before you. We have carried out some minor research into some card compliance issues. We have reduced the number of cards from four to three. From next week, the Health Benefit Card will cease to exist. We have also improved the targeting of low income Health Care Cards by increasing the period over which we measure people's income.

Over the next 12 months or so we have got a body of work that is beginning to be under way. We are hoping to be able to move to a single card in the context of using smart card technology. You might recall that was something that was discussed briefly last time we were here. The other major change for us is with the creation of the Commonwealth Services Delivery Agency which will see a separation of the administration and delivery of concession cards which will be undertaken by the Commonwealth Services Delivery Agency. The policy and program management responsibilities will remain with the Department of Social Security.

I know your time is short, but I would like to put on the record that we have watched with interest the evidence from a number of people of the people that have appeared before you. We note that the major states have expressed a strong wish to continue with the current regime of using concession cards.

**CHAIRMAN**—Is it safe to use that expression, 'the major states'? Some of the

smaller states might be offended.

**Ms Winzar**—Perhaps they were major in terms of population rather than prominence or importance.

**CHAIRMAN**—There is no representative of a smaller state here, so feel free to proceed. They might be watching you, though.

**Ms Winzar**—And they would undoubtedly be reading it, I think. But they have indicated that they are keen to continue using concession cards as a way of targeting concessions. We support that arrangement and we are very keen to keep working with them.

**CHAIRMAN**—Is there any other comment you would like to make at this point in time on other evidence which we have heard?

**Ms Winzar**—No, I do not think at this point. If there are some issues that you would like to take up with us, that is fine.

**CHAIRMAN**—Just for the record, you mentioned that you have reduced the number of cards from four to three or you are about to do so. Could you just outline the mechanism by which this is occurring?

**Ms Winzar**—Basically, that was a measure that the government announced in last year's budget to replace the Health Benefit Card which goes to those who are on Sickness Allowance with a Health Care Card. The benefits to the individual are almost identical. It seemed an unnecessary distinction to make, particularly in view of the fact that social security has made some other reforms which mean it is now less likely that people will actually be granted Sickness Allowance. Instead, they will remain normally on Newstart payments for the duration of their medical certificate.

**CHAIRMAN**—You mentioned that you are moving towards a single card using smart card technology. This is obviously a single card for the Department of Social Security. Have you had discussions with your colleagues in the Department of Veterans' Affairs with a view to extending that single card using smart card technology to recipients from both departments?

**Ms Winzar**—We have had some discussions with the Department of Veterans' Affairs, and no doubt my colleagues will have some comments later on this. There are some issues in terms of which card is the priority card for the customer. In our particular area the pensioner concession card itself is the priority card. In the Veterans' Affairs system, as I understand it, there is a different arrangement. Treatment cards, which used to be known as health cards, are issued, as well as a Pensioner Concession Card. So Veterans' Affairs may see a need to keep their own card regime.

**CHAIRMAN**—But would it not be possible to hang different benefits off the one card through the use of smart card technology?

**Ms Winzar**—Yes, it would.

**CHAIRMAN**—That would be a sensible reform?

**Ms Winzar**—Yes, it would. Certainly, within the social security system we believe that would be a sensible way to go.

**CHAIRMAN**—We would like the Department of Veterans' Affairs to take on notice that we would like to hear about this in their opening statement, perhaps. It seems to me that if you think it is sensible, it should be possible for the Department of Veterans' Affairs to somehow go along with that in a way that does not impact adversely on their own priorities. Is that a reasonable statement?

**Ms Winzar**—I think that it would be more appropriate to take that up with the Department of Veterans' Affairs.

**CHAIRMAN**—From the point of view of the Department of Social Security, you would think that my comment seems logical to you?

**Ms Winzar**—Certainly, yes.

**CHAIRMAN**—The government announced last year, as you mentioned, the Commonwealth Service Delivery Agency. That agency would be responsible for delivering pensions and all income support payments, such as unemployment benefits, Austudy allowances, some CES functions and payment of child-care assistance and child-care cash rebates. How exactly will new agency arrangements formed from the DSS and DEETYA affect concession cards, including administration, issuing of cards, policy decisions and fraud control?

**Ms Winzar**—The division of responsibilities between the department and the agency is essentially that the policy and program management responsibility will stay with the Department of Social Security. The actual process of card issue, necessary fraud control arrangements, and so on, will be put in place by the agency and they will largely run those as a provider to the department.

**CHAIRMAN**—Subject to monitoring by the department?

**Ms Winzar**—Yes. We will certainly monitor.

**CHAIRMAN**—And that agency is principally under which department—your department?

**Ms Winzar**—It is within the Social Security portfolio.

**CHAIRMAN**—The common youth allowance has been announced. How will the changes announced with respect to the bringing in of this common youth allowance affect concession card entitlements for younger Australians?

**Ms Winzar**—At the moment, Austudy or Abstudy recipients do not automatically receive a Health Care Card by virtue of their income support receipt. At this stage it appears that that situation will not change because of the introduction of the youth allowance. But having said that, our estimate is that slightly over 90 per cent of all Austudy recipients would be entitled to a Health Care Card on the basis of their low income. Few of them have any earnings apart from their Austudy payment.

The advent of the agency makes it a lot easier for customers to access a Health Care Card now because instead of having to go to a student assistance centre to claim their Austudy and then to a DSS office to claim their Health Care Card, it will be able to be done on the one form. So when they claim their income support payment, they can also apply for a Health Care Card.

**CHAIRMAN**—We have noticed at our public hearings that some people have said that there is not enough information out there in the community about eligibility for concession cards, how to apply and what entitlements relate to concession cards. Can you outline how your current dissemination strategy is targeted and whether you think this is an appropriate strategy? Does more have to be done, or does the department take the view, perhaps, that the fewer people who know about them, the easier it is for us to cut the $10.3 billion deficit?

**Ms Winzar**—I might ask my colleague, Mr Beard, to go through some of the detailed arrangements that we have in place to inform customers about cards. A preliminary comment I would make is that it is very difficult for us to get information to people at the time that they need it. It is always a problem and, certainly, not something that is just confined to concession card administration. I think that every government department faces the same issue. You can send people a lot of information, but unless they can access it to answer the questions when they need to know something, then it does not quite work for them.

**Mr Beard**—There was a detailed statement of the department's information dissemination practices contained in our supplementary submission lodged with the secretariat. I will mention just the main aspects of that. There is a series of leaflets and booklets that are produced on major card issues in each state. They describe the Pensioner Concession Cards and the Health Care Card. They are updated annually and cover the details of eligibility and the concessional arrangements in each state. We include in that, as much as we can, information about the state concessions that each card attracts.

There is a similar booklet covering eligibility for benefits under the Health Benefit Card, but that will be phased out from 1 July. There is a leaflet about the Commonwealth Seniors Health card which is produced and updated annually. There are a series of posters produced which the department seeks to position wherever it can, certainly throughout its offices and in other government establishments as appropriate. There is a wall chart which is a useful simple guide to all departmental payments, their conditions, eligibility and factors which will affect continuing eligibility.

The *Aged Pension News* is mailed regularly to all pensioners. This contains regular

updates of information, current news and information of interest. Through that we urge customers to enter a dialogue with the department about issues they would like further information on, or particular queries on their personal circumstances, and the department seeks to answer those queries promptly within a very well-monitored and structured arrangement.

There are also ad hoc publications and information brochures produced as required. *You and Your Family* is an example. That is mailed directly to 1.8 million customers. We have an Internet page homesite, specialised papers and journals, including contributions to SBS, and we use a range of intermediaries to carry the DSS message into particular customer segments, such as people with disabilities, aged, infirm, people in nursing homes, to make sure that there are no particular pockets of interest that, through circumstance, would normally be left out.

In addition, there is specialist advice through the department's financial information service and the migrant advisory service. We have teleservice centres where people can telephone to pursue particular queries, and those teleservice centres are structured in such a way that they are able to either take specific queries, or refer people to more general information.

We work in conjunction with other government agencies, such as the Department of Veterans' Affairs, to ensure that concessional information is broad and as appropriate as possible. There is also an information strategy for doctors and pharmacists to which the Health Insurance Commission and the Department of Health and Family Services contribute. Thank you.

**Mrs ELSON**—At the first public hearing of the inquiry, the department advised the committee that not many people deliberately rearrange their assets to qualify for a pension and, therefore, a concession card. Anecdotal evidence presented to the committee throughout Australia suggests that the practice could be quite widespread. Does the department have any statistics about the number of people attempting to rearrange their assets in order to qualify for a concession card? Has the department engaged in any programs to discourage this rearrangement to qualify for pensions, including educating the financial advisory sector?

**Ms Winzar**—I guess the short answer to that is that there is a lot of anecdotal evidence. We are not actually able to substantiate much of that. Certainly, financial advisers encourage customers to think that they can effectively rearrange their financial affairs to qualify for a pension and thus a card.

If that were happening on a widespread basis, we would expect to find a large number of pensioners with incomes in a very small range, perhaps just near the pension cut-out—$0 to $10 a week; just enough to qualify for a card, and that is it. That sort of bunching does not happen very significantly at all, which suggests to us that there is not widespread rearrangement of financial affairs.

In relation to your second point, about what we have done to either discourage

people from attempting to do that, or at least to alert financial advisers to the fact that they should not be over-inflating the value of the card to potential customers, we have not undertaken any specific work in that area since we last spoke to you.

**Mrs VALE**—I would like to ask Mr Beard: when you spoke about the *Age pension news* being mailed directly to all pensioners, is that done automatically, or is it done at the request of the pensioner?

**Mr Beard**—No, it is mailed according to the department's database.

**Mrs VALE**—So it does not automatically go out to age pension people?

**Mr Beard**—Yes, it does.

**Mrs VALE**—The other question I wanted to ask you was in relation to your submission. You have indicated that you are researching the smart card technology for use as concessional cards, and that you are seeking an agreement with the state governments. I know you mentioned that a little earlier, but I was wondering whether you could outline the work you have done towards the use of smart card technology. What would be the initial set-up costs? Have you had time to look at that, and the running costs of implementing such a smart card as a concession card?

**Ms Winzar**—Again, I might ask Mr Beard to help me out on this one. At this stage, we have had interest from several states in undertaking joint pilot exercises with the Commonwealth about card delivery. The sort of options that have been canvassed with us range from using the card, for example, to allow people to pay their rates and get a rebate, or in another state, the proposal was to use the card to access concessional travel on the metropolitan transport system.

At this stage, the proposals are fairly preliminary. We have a fairly clear idea about what the benefits of using smart cards would be, certainly for the Commonwealth, and for the states in terms of better management of information—better for customers—on the sorts of concessions and the level of concessions that are being accessed. That will then give us a handle on how effective the concessional arrangements are.

I know, for example, that you took some evidence from people concerned about lack of access to concessions in rural areas. If we had a smart card arrangement, we would have a much better handle on the level of concessions that people in rural areas actually access, including when they visit metropolitan areas, for example.

The states have not been terrifically explicit about the sort of things that they would like to use the cards for. But they have certainly acknowledged that they do not have enough information about their concession regimes either, and they have also indicated that they see this as a useful way of going.

**Mrs VALE**—So the inquiry is probably helping them focus, too, on exactly how they can upgrade or how they can do it smarter, if you like.

**Ms Winzar**—Yes, it has been very useful.

**Dr NELSON**—The government has passed legislation to set indexation for the old age pension to 25 per cent of male ordinary time weekly earnings. Some of the groups that have come to speak to us have expressed concern that this will widen the gap between payments for unemployment benefits and for pensioners. It is not something that I would accept, having looked at where pensions would be if this had applied over the last five years, for example. Would you like to comment on that? Even if it did, by the way, I would not see it as a concern, but I would be interested to hear what you have to say.

**Ms Winzar**—Broadly speaking, you are probably right. If you look at the movement in average weekly earnings and the CPI over the last five years, there would not be too much divergence. Of course, the difficult thing is looking into the future and anticipating what might happen over the next five years. As we enter a fairly low inflation environment, CPI increases to pensioners have been quite small over the last 12 months, and are likely to remain so. Thus, looking out, you could expect that average weekly earnings would grow at a faster rate than the CPI, pensions would be increased perhaps at a higher level, and there would be a broadening gap between allowees and pensioners.

**Dr NELSON**—There was an article on the front page of yesterday's *Sydney Morning Herald* reporting, I think, a study from the National Centre for Epidemiology and Population Health which suggested that there are about 3.8 million people in Australia relying on social security benefits. My understanding from ABS figures last year is that the figure is about 6.2 million, which included 1.2 million dependants, in total—Veterans Affairs; the number of people relying on some sort of social security or income support. Can you give us an idea of how many Australians, including dependants, are relying on some sort of social security support, including dependants? Also, of that number, how many have got concession cards of one sort of another? I suppose all of them.

**Ms Winzar**—I have not actually seen that article in the *Sydney Morning Herald* and I do not have the information with me. But we will certainly take it on notice and get back to you.

**Mrs ELSON**—You gave us a little bit of information on one card, but could the department outline how a concession card system, with only one card, could be structured? How would the different card types, like long-term Pensioner Concession Cards, short-term Health Care Cards and the Commonwealth seniors health card, be reconciled to a single card, given that they currently have different eligibility requirements and the cards have different lengths of validity?

**Ms Winzar**—To solve that problem, we really would rely on a smart card solution. That would enable us to differentiate, for example, between the card given to Mr Beard and another card given to me. His could have access to a certain range of concessions; mine could be somewhat less, depending on my income or depending on my pension or allowee status.

**CHAIRMAN**—It would surprise me if you were on a card!

**Ms Winzar**—I am not, I can assure you of that. I am speaking hypothetically. But it would be the case that if we had a single card which we could change as people's status changed, someone who moved from an allowance to a pension, for example, could contact the agency—perhaps even remotely, by phone or using a smart card reader—and have their concessional status upgraded to a pensioner's level of concession. Again, when they moved off pension for some reason—either death or increase in income and so on—we could then downgrade their concessional status. So the one card would be a vehicle for very many different things underneath. It might even allow us to separately record different types of concessional access on that one card, irrespective of the person's status. So, for example, we could record on the card how much they had used on transport concessions, how much they had rebated on their rates and so on.

**Mrs ELSON**—It sounds a more efficient system, doesn't it?

**Ms Winzar**—It would be efficient and because we would have to use a more durable card, we would not be in the situation we are in now of mailing out cards to allowees every 13 weeks, or even to pensioners every year. They would have a longer life card.

**CHAIRMAN**—We have made some attempts to find out what the situation is with other countries as to whether they have in-kind concessions or whether they cash out concessions. Given the predicament of people in rural and regional Australia who are simply unable to access the concessions they are technically entitled to because they are not in a position to use them, it would seem to me that cashing out is fair and equitable, provided that it is possible to over-compensate people to make sure that they are not out of pocket. From the point of view of administration, cashing out seems to be very sensible. I am not convinced that it is politically saleable, but I am wondering whether you might be able to assist us to find out what happens in comparable countries abroad.

We have made endeavours, by contacting the missions of those countries in Canberra, to find out what their policy is. I must confess that maybe our query is not the highest priority for those missions and we have not received the information we require. But it seems to me to be great policy; maybe not good politics. I really am interested to know what, say, the United Kingdom does, what Canada, the United States and New Zealand do.

**Ms Winzar**—My understanding is that we attempted to find out this information for the committee earlier.

**CHAIRMAN**—I know you have.

**Ms Winzar**—With much the same results as yourselves.

**CHAIRMAN**—Could you try again?

**Ms Winzar**—We can try again. The difficulty for us is that not many other countries have a comparable regime of income support, plus concessional entitlements, as

we do. Specifically, countries such as the UK basically have two social welfare systems, a contributory one and a residual one, which does not necessarily depend on a person's contribution. The sorts of things that we might describe as concessions, they might see as slightly different.

**CHAIRMAN**—Why is that and how is that?

**Ms Winzar**—I guess it goes back to your question about cashing out. For example, there might be a range of very small supplementary payments for people who need—strange as it may seem—more frequent baths to maintain health than other people. You can get access to a small cashed-out supplementary payment in the UK. That is my understanding. Whether that is effective administratively, I would wonder, because you go down to a very micro-level of detail when you are trying to compensate people for specific types of expenditure or a specific lack of access.

We are looking at a very broad system in Australia where we say, 'Okay, transport, rates, utilities and so on.' That is at a very high level. But the pressure then comes to promote access to some of those smaller things such as the states do at the moment with, I guess, rebates on licences, including things like fishing licences or other things which we might regard as somewhat peripheral. If we tried to cost out all of those things fairly, I think it would be quite difficult. I do not know that looking overseas is going to give us too much guidance on what would be a fair measure of compensation or even what should be covered in that package of cashed-out benefits. But certainly we will have a look for you.

**CHAIRMAN**—Is our system better or worse than the systems in comparable countries overseas?

**Ms Winzar**—In terms of the concessional arrangements, I think my view of the Australian system is that it is fairly good.

**CHAIRMAN**—Good or generous, or both?

**Ms Winzar**—Perhaps effective is a better word. The main advantage—and I know this was drawn to your attention by some of the people who have appeared before you to date—is that it does allow people to cope with big lumps of expenditure as their bills fall due, things that they probably otherwise would not be able to manage on a fairly low fortnightly income. While cashing out has some attractions, particularly in terms of simplicity, it would pose a problem for many of our customers who would not be able to manage those large bills, even were we to compensate them with a slightly higher payment each fortnight.

**CHAIRMAN**—We have had evidence to that effect. Accepting what you say, how should a person in a rural area be compensated for the fact that he or she is not able to use the concessions that are available in metropolitan areas?

**Ms Winzar**—I guess that is a valid point that you make. The other group that has

great difficulty with this are those who are disabled or isolated in some way within an urban area who equally cannot access all of those concessions.

**CHAIRMAN**—At the moment the response of government seems to be that that is just the way it is—it is very unfortunate, very sad, not fair, but the system cannot try to redress that inequity. Can you see a way that the inequity could be redressed?

**Ms Winzar**—A lot of this is about lack of infrastructure, or lack of access to appropriate infrastructure, rather than necessarily costs of living. Can we use the concessions regime to address that lack of infrastructure? Clearly, we cannot. Is it appropriate for us to compensate people for that lack of infrastructure? That is a fair question.

**CHAIRMAN**—Should it be partially cashed-out or should people have the option of cashing out? I suppose it becomes an administrative nightmare because you still have to maintain the administrative infrastructure, do you not?

**Ms Winzar**—You do. But the question of giving customers an option of cashing it out is an interesting one, and I had not turned my mind to that before.

**CHAIRMAN**—Could you turn your mind to it and perhaps contact the secretariat with some written thoughts?

**Ms Winzar**—Yes. The only other comment that I would make that might be relevant to people in remote areas, rather than rural areas, is that if they are on the income support system, they can access the remote area allowance. Likewise, if they are not, they can access a tax rebate for living in a remote tax zone, A or B, which does provide some compensation. Again, it is a bit debateable whether that is for lack of infrastructure.

**CHAIRMAN**—That rebate would be available to everyone in that remote area?

**Ms Winzar**—The rebate is. For those that do not pay tax and do access social security payments, they can get a top-up on their fortnightly payments.

**CHAIRMAN**—The problems I outlined in respect to regional people, would not apply only to those in very remote areas. They could apply to those people, but the problems would also be experienced by those who are quite close to major centres but not close enough to access, in effect, the concessions which are available every day to others.

**Ms Winzar**—Again, I guess that it comes back to this question of whether we are trying to compensate for a lack of infrastructure or whether we are trying to adjust for a different cost of living. It may well be that some pensioners in capital cities would then suggest to us that they should be compensated because the cost of living in their particular city is so much higher, and that would start to get very complicated.

**CHAIRMAN**—We all know that Australian National Rail is going to be sold. Would you like to pass any comment on the impact that could have on concessions—

transport concessions, in particular?

**Ms Winzar**—As I understand it, exactly what the impact on pensioner concessions would be is still under discussion. I am aware that concessional travel constitutes a fairly substantial amount of travel on National Rail and I do not doubt that if we were to remove that concession, we would get a lot of complaints from our customers. But with regard to what the conditions are of the sale, I must say that I am not across the detail of that.

**Mrs VALE**—The last budget actually cut the financial advisory service in the migrant information service by 25 per cent. How will that actually impact on those services to advise the Australians who are planning retirement and older Australians from a non-English speaking background?

**Ms Winzar**—There are a few things which have actually reduced the demand on our financial information service for pensioners over the last few years. In particular, when we introduced extended deeming as a way of measuring income from investments, we made substantial simplification in that area and thus the demand on our financial information service officers has reduced quite a bit. So we do not feel that the reduction in the number of FIS officers will affect our advice to those who are planning retirement.

In terms of the migrant liaison officers, yes, it was announced in the budget that the number of migrant officers would fall by 25 per cent. But the other thing that is worth noting here is that, with the Commonwealth Service Delivery Agency, there are some migrant liaison officers in DEETYA at the moment who will transfer across to the agency and thus we do not think that we are going to compromise outcomes for customers by reducing the number of social security migrant liaison officers on the ground.

**Mrs ELSON**—This question is out of curiosity over a problem I had with a concession card just recently with a constituent. The waiting time for a concession card is fairly lengthy at times. Would the smart card cut that down?

**Ms Winzar**—I would love to be able to tell you yes but, in all honesty, I could not. Even though you have customers who might have to wait for their physical cards, they certainly should be able to get one-page statements from Social Security saying that they are, in fact, pensioners—

**Mrs ELSON**—I found out about that and, apparently, this particular office did not issue one-page statements. It was six weeks before he could get his Health Care Card. I just wondered whether a smart card would be easier to produce in an over the counter type situation when they apply.

**Ms Winzar**—No. We will not be able to issue smart cards over the counter, as I understand it, at least not initially. But certainly in terms of speeding up processing of claims for Health Care Cards and reissuing them, it is something that we are aware that we have to work on with the Commonwealth Service Delivery Agency and we will keep that in the forefront of our mind.

**Dr NELSON**—The budget also changed the social security assets test. Those life expectancy income stream investment products were excluded from the test and then Bankers Trust came out in the press and said that someone who has got assets up to $800,000, excluding the family home, could be eligible for a part-pension. Is that true? Can you comment on that? If so, how many people do you think are coming in with those sorts of assets behind them?

With regard to an earlier question, I represent an electorate which has 30 per cent self-funded retired people. There is an industry, at least in my area, of people trying to rearrange their assets and so on to get a concession card. The issue that I am lobbied most strongly about, apart from the tax arrangements and all of the things that affect self-funded retirees, is getting a concession card. That is the thematic concern that I hear and request that I get as a representative of the government. Whilst I realise that, from a departmental perspective, you may not think it is a big thing, out in the world where I am camped it is an obsession.

**Ms Winzar**—In relation to your specific question about people with large amounts of assets being eligible for some small amount of pension, my understanding is that that is possible but unlikely to happen, given that people would have to have their money tied up for perhaps a considerable length of time and that they would not be able to get it back—it has no residual value. Therefore, that might in itself discourage people from doing it.

It is probably better that I take that question on notice—particularly the second part about how many people might be in the situation where they would have large levels of assets and still be able to qualify for a part pension—and get back to the committee with some detail.

**CHAIRMAN**—Yes, if you wouldn't mind.

**Dr NELSON**—Mind you, I would not make myself popular in my electorate by campaigning against this, but there is a question of morality here. I have a newspaper clipping from the *Sydney Morning Herald* of 4 June this year which we would be happy to provide to you. Could you have a look at it and give us the reassurance that we obviously seek?

**Ms Winzar**—Okay.

**Mrs VALE**—It was also announced in the budget that the period of time for income testing for Health Care Card eligibility would be increased from four to eight weeks. This means that anyone on a low income would have to now wait double the time for access to concession card benefits. Is there any scope in the new arrangements for flexibility according to individual cases—for example, if a person or a family member is suffering from some chronic illness? My other question is: will the length of validity of the Health Care Card question, which is currently about 12 weeks per issue, change in response to the longer qualifying period?

**Ms Winzar**—In relation to the first part of your question about increasing the

period over which income is measured from four to eight weeks, are you suggesting that low income families might then have to wait longer?

**Mrs VALE**—Yes, double the time.

**Ms Winzar**—Some of them will have to wait longer. For example, somebody who moves from high paid employment to low paid employment might not qualify until perhaps four weeks have elapsed of the eight-week period because, when we look at their income over the last two months, they have been earning at a fairly substantial level and have disqualified themselves for the card.

The point that I would make is that this initiative is expected to affect a fairly small number of people, as I understand it—a matter of a few thousand. That is the first point. But we will keep an eye on the situation just to make sure there are no undue effects on people who are suffering disadvantage—and particularly those in the situation you mentioned of chronic illness.

One thing which might soften the effect of that eight-week income test measurement is that, for example, if somebody has a qualifying child—which can increase the qualifying limit for the Health Care Card—and that child leaves home or perhaps moves to the other custodial parent, we would adjust the period of income measurement so that we did not disadvantage the family of the child in that circumstance.

**CHAIRMAN**—Is there any further comment that either of you would like to make in conclusion?

**Ms Winzar**—There is probably no other comment, except to say that the process of public consultation around the states that this committee has undertaken has been most useful for us, both in updating some of our information and in seeing where people's concerns are about the concession regime. We look forward to seeing the final report.

**CHAIRMAN**—A copy of your evidence will be sent to you for checking. We appreciate your appearing before us this morning.

[9.45 a.m.]

**FELY, Mr John, Director, Business Delivery, Department of Veterans' Affairs, 13 Keltie Street, Woden, Australian Capital Territory**

**HARRISON, Mr Murray, Branch Head, Income Support, Department of Veterans' Affairs, 13 Keltie Street, Woden, Australian Capital Territory**

**SHEIKH, Mrs Masuda Shamim, Assistant Director, Business Delivery, Department of Veterans' Affairs, 13 Keltie Street, Woden, Australian Capital Territory**

**CHAIRMAN**—Welcome. Thank you very much for appearing before the committee this morning and for your supplementary submission. At the outset, would you like to make a brief opening statement to bring us up to date on some matters?

**Mr Harrison**—Very briefly, picking up on your comment earlier to Social Security about a single smart card and whether that would be applicable to Veterans' Affairs, I think, if I understood you correctly, Mr Chairman, that we would not be arguing against the principle. I think the issue is essentially one of badging. What we are saying is that a proposition that said that the unique nature of veterans' entitlements and access to health care through the veterans' system needs to be recognised and the badge that goes on the card is important.

**CHAIRMAN**—That is obviously more a political difficulty for the government than an administrative difficulty for the bureaucracy, I would have thought.

**Mr Harrison**—Indeed.

**CHAIRMAN**—There is this symbolism about the Department of Veterans' Affairs that somehow it is not a safety net given by society to people in need but, rather, as one Labor Prime Minister has said, it is the nation showing its gratitude and generosity for services when the country's future was in some peril. I think you would probably agree with that, but it worries me at times that we might be incurring additional costs of administering the system without actually improving health care delivery to veterans by maybe maintaining that symbolism to too great an extent. We would like to be able to deliver health care to veterans and to other aged Australians in the most cost-efficient manner while, if possible, recognising the sensitivities you mentioned.

**Mr Harrison**—Certainly, our interest is in the delivery of health care to veterans. I guess the point that we are making in the supplementary submission is that that in itself is a significant business. The gold card or white card that veterans currently hold is their key, if you like, to the veterans' health system. I guess we are arguing strongly, and I think veterans would argue very strongly, that their access to that system being expressed in a unique way is very important to them.

**CHAIRMAN**—But isn't it the care they get that is important rather than the unique access?

**Mr Harrison**—Indeed.

**CHAIRMAN**—Just coming back to what Ms Winzar said with respect to the fact that they are looking towards having a smart card—perhaps one smart card, I think she said—would it not be possible for your veterans, through a cooperative arrangement between the departments, to receive that one card? Because it is a smart card, you would be able to record on that smart card the special consideration and benefits that your veterans are entitled to over and above those received by other members of the retired community or people on pensions. It must be technically possible to do that.

**Mr Harrison**—Indeed. All we are saying is that the way it looks is important.

**CHAIRMAN**—If you were to do what I suggest, how much could you save? What would be the saving if we had one smart card recording the particular benefits that recipients are entitled to? In other words, if we had one smart card and on that smart card we had the information locked away that certain people were entitled to your white and gold cards and the benefits that flow from those.

I realise that you probably cannot give me a dollar figure now, but would you come back to the committee with that? It seems to me that, if we could save money by having one card recording their individual entitlements, that would give us additional funds to actually spend, not on administration, but on health care delivery for veterans.

**Mr Harrison**—Clearly, we would have to take that on notice. I guess the inquiry that Social Security mentioned earlier is relevant. The issues about costs, particularly in smart cards, get down to questions of costs of readers and the like, where the access to the veterans' health system, for example, is through what we call local medical officers. If a smart card were issued to a veteran, then the local medical officer would need to be able to read that smart card to be able to determine what health—

**CHAIRMAN**—But, if the smart cards are being issued by the Department of Social Security, surely there would be a lot of readers out there?

**Mr Harrison**—Yes. I am just making a point about the relevant cost questions. I think those things need to be built into that.

**CHAIRMAN**—I realise that there has been controversy over the years about whether the Department of Veterans' Affairs should be rolled into the Department of Social Security. There has been a tug of war there, but successive governments have felt that it would be a bad political indication to veterans were that to happen, because the special consideration that governments believe veterans should receive might not be recognised by rolling DVA into DSS. One wonders what is going to happen in due course if we do not have any more major conflicts—and we all hope that we do not—when the number of veterans might well drop to a level where a separate departmental structure is not viable. I do not expect you to comment on that.

**Mr Harrison**—Except perhaps to say, that in some respect it is a little simplistic

to talk about Social Security. We duplicate Social Security in terms of income support payments, but in the health area, we duplicate a lot of the activity of the Department of Health and in the compensation area, we duplicate a lot of the activity of the Department of Defence.

**CHAIRMAN**—We all hate duplication, particularly when we lose money in bureaucracy and it means that there are fewer dollars to be actually spent on health care delivery, but I suppose you have policy and politics and they are all intertwined.

**Mr Harrison**—What I mean when I say duplicators is that we do it better.

**CHAIRMAN**—That was a very interesting definition. But I dare say that good people like you, regardless of what the future departmental structure might be, would always find a satisfactory position. Following on from that, could you give us some idea of the current numbers of veterans who hold a concession card issued by DVA?

**Mr Fely**—We will confirm the figures when we check the *Hansard*, but there are between 330,000 and 340,000 people who receive a PCC card. That is because they are receiving a service pension. There are an additional approximately 60,000 income support supplement recipients who receive a PCC card as well. Those pensioners are also war widows. There are approximately another 2,000 who get the Commonwealth seniors health card and there about 25,000 war widows who do not receive any income support payment from either ourselves or Social Security, but who receive—when we do our bulk mail-outs of pension concession cards—some transport concession cards that we do on behalf of the states.

**Mrs ELSON**—In March 1997, the government announced that veterans receiving a veteran disability pension can, from 1 July 1997, choose between having their aged pension paid by the Department of Veterans' Affairs or continue to have it paid by the Department of Social Security. The decision is voluntary and a partner of a veteran may also receive their payment through Veterans' Affairs instead of Social Security. Could the department indicate why this decision was taken, what administrative cost it will bring to the department and what are the advantages of splitting the administration of the aged pension?

**Mr Harrison**—The rationale for the decision is that it talks about those pensioners who are already receiving a disability pension. In other words, they have come to Veterans' Affairs, applied for a disability pension and been granted it. You may appreciate that they can get an aged pension equivalent, which we call a service pension, if they served in certain areas. If they did not serve in those areas, then we, in Veterans' Affairs, say they need to go over to Social Security to get their income support payment.

This was saying, 'Rather than send those people across to another department to access income support payments, why don't we pay it on behalf of the other department?' I do not believe it was a cost in that sense. I am not sure I got the second part of your question.

**Mrs ELSON**—What are the advantages of splitting administration of the aged pension?

**Mr Harrison**—In terms of not sending somebody to more than one place after they have already been to us about disability pension, I have to say the legislation is not through yet and it is not going to start on 1 July.

**Mr Fely**—I could add to that. When two departments are not maintaining a payment record, if the individual has a change to their address or bank account they only have to inform one department instead of two, so only one action occurs. In effect, there can be some saving there.

**Dr NELSON**—I was reflecting on that discussion earlier on about the single card. It reminded me that, when I was a young medical graduate, I would have these men come through the emergency department near moribund. With their last breath they would say, 'I am repat, you know,' and then they would fall into unconsciousness. It took me a while to work out that they, under no circumstances, would want to be seen as welfare recipients and be subsumed into the Department of Social Security. Perhaps if we wanted to have World War III, it would be through trying to amalgamate veterans' entitlements with other Department of Social Security ones.

**CHAIRMAN**—Except that it is possible that we could have one smart card and, because of the substantial number of veterans out there, we could somehow mark it veterans—

**Mrs ELSON**—Or colour it gold.

**CHAIRMAN**—Or colour it gold or put an extra stripe on it to just have it identified slightly. It would still be part of the overall system.

**Dr NELSON**—I would nominate you for the job of selling that, Mr Chairman.

**CHAIRMAN**—I will do the job admirably.

**Dr NELSON**—I will be right behind you. How do veterans in country and regional areas access their concessional entitlements? We have discussed the concept of cashing out with the other groups that have spoken to us. Is cashing out a viable option that could be offered to veterans in some regional and rural areas and, if so, how do you think it would work?

**Mr Harrison**—I do not think our answer to that question is any different to that of Social Security, except perhaps that our minister is particularly interested in rural and remote access issues. A report that was presented—

**CHAIRMAN**—In fact, he represents a third of Queensland in the parliament.

**Mr Harrison**—Indeed. He issued a report on access in rural and remote areas in parliament recently.

**CHAIRMAN**—Would you like to take that on notice and get back to us? In doing so, can you consider the possibility of giving people in rural and remote areas the option of cashing out so it is a voluntary thing? Those who want to can and those who do not want to would not.

**Mr Harrison**—I guess my hesitation is over whether we would know the answer to the question.

**CHAIRMAN**—That does not normally stop departments. They still give a reply.

**Mrs VALE**—I also share Dr Nelson's apprehension about having a single department look after Veterans' Affairs.

**CHAIRMAN**—I just want to clarify this. I was not advocating a single department. That argument was fought two or three parliaments ago. It was going to be rolled into other departments and it was just felt that politically it was unacceptable.

I was saying that I thought it would be possible to have one smart card which could be part of one system. On that smart card we could somehow identify the veterans in such a way that they would feel that they were still being honoured, as they should be, while having a much more efficient administration. That was the point that I was making. I think Dr Nelson knew what I was saying.

**Dr NELSON**—Yes.

**CHAIRMAN**—I was a bit worried that Mrs Vale thought I was on the record as saying something else. I am well aware of what Mrs Vale is saying and also of what Dr Nelson is saying.

**Mrs VALE**—Thank you very much, Mr Chairman. I would like to ask you a

question about the new kind of technology. How do you feel that the customers of the Department of Veterans' Affairs are able to accept the new kind of technology? I might tell you that I have a beautiful gentleman in my electorate who is going to be 100 on his next birthday. He is one of the remaining people in our state who was one of the last of the light-horsemen. I know that he probably could not cope with this kind of technology.

**Mr Harrison**—I think we made the point in our submission that an education program, or at least an assessment of that, would need to be undertaken. It is also a little surprising that one of the fastest growing areas, as I understand it, is seniors on the Net. Older people do have time, which is one thing that access to this sort of technology needs.

**Mrs VALE**—Do you have any strategies in place to deal with that as far as dissemination of the information from the department is concerned?

**Mr Harrison**—No, we have not gone very far at all down the path of smart card technology and access to benefits through smart card technology. We would be in the

same boat as Social Security there. As I understand it, they are simply at the early stages of looking at the possibility, and we are in the same boat. We have not got very far at all in terms of answering those questions. We are able to raise them, but that is about all at this stage.

**Mrs VALE**—How have you found that the veterans and their families have reacted to change in the past? When the new white and gold repatriation cards were introduced, how were they accepted?

**Mr Harrison**—Very well, I think. We reduced from four cards down to two. There is a level of confusion here, I believe, about access to concessions and health provision and the like. We provide health care through the gold card and the white card. The gold card is for any condition that you need access to health treatment for. The white one is a specific entitlement for a condition that has been accepted for compensation. Access to those health benefits are somewhat in excess of benefits that are available to anybody else. These are special services for veterans. The concession cards that we also issue are for those income support pensioners, some of which are duplicated. Some get a health card, a gold card and a concession card. The concession card that we issue is the same as with Social Security. So there is quite a distinction.

**Mrs VALE**—That leads me into the next question. Veterans holding a concession card marked DVA instead of DSS often complain that some service providers refuse to provide them with concessions because they are DVA and not DSS recipients. Some general practitioners giving evidence before the committee have said that they believe that concessions are given out too freely. Do you think that the general community, including professionals such as GPs, have an adequate understanding of the veterans' concession entitlements?

**Mr Harrison**—Again, I do not think it is a question that I can answer. We certainly provide a good deal of information for GPs—more and more information. We recently sent a publication. What was it called?

**Mr Fely**—I cannot recall.

**Mr Harrison**—Neither can I. I also understand, though, that GPs get an awful lot of literature from an awful lot of places—whether they read it all or not. I do not really know an answer to the question as to whether or not they have a good understanding of that. We do not get a lot of feedback, that I am aware of, from people saying that they wished to access a certain level of entitlement but that they were not able to do so because the person they tried to access it from did not know about it.

**Mr Fely**—If I could add something to help solve the problem here, I think what happens sometimes is that they produce their gold card and they say, 'This is my card,' instead of producing their particular Pensioner Concession Card, and the provider says, 'Well, that is not what I am after.' That is what they might be thinking about producing a card marked DVA. Maybe a one-card solution would solve that, ultimately. But I think a lot of problems do come about from that situation; the DVA pensioner just produces their

gold or white card, expecting that the concession will flow from there. As Mr Harrison said earlier, some of these pensioners are not income support recipients, so they do not get the concession card, and so they are not eligible for some of the concessions that come through that card.

**Mrs VALE**—Do you have any idea of what we could do to overcome the kind of confusion that does seem to be out there to some degree?

**Mr Fely**—It is a difficult—

**Mrs VALE**—Do you think this is where the smart card might actually assist?

**Mr Harrison**—I do not know, to be honest. I think the problem is access to a range of concessions and being specific about who is eligible for what. If a smart card is able to do that, then that would solve that problem. Again, it gets down to the ready availability of people being able to understand what it is that somebody is eligible for, whether that is at a football match or at the ski lift at Thredbo or wherever. If the system was that good, then, yes, we would solve the problem. But I do not think it is something that is going to be solved tomorrow.

**Dr NELSON**—On that particular issue, the Department of Veterans' Affairs produces an excellent poster for doctors to explain to them the range of cards and the entitlements of veterans that each card represents. There is a regular newsletter that comes around as well, which explains further developments. The vast majority of doctors are only too happy to effectively bulkbill or direct bill the Department of Veterans' Affairs for services provided to veterans, and that is the expectation of the veterans' community. The resentment, however, builds up with the rest of the community because, in 1970, only nine per cent of the population were under pensioner benefits concessions. Now we have got a third of the population having some sort of concession card, the expectation being that they will go and see a doctor and be bulkbilled. But, of course, that third who hold concession cards disproportionately represent a lot of people who require medical services.

The doctors become extremely resentful about a plethora of cards and expectations that people will get a discount for services that are being provided. I speak from experience in saying this. That is where the resentment comes from. I do not think I have ever met a doctor who has in any way resented discounting a service to a veteran. What they do resent, though, is the government providing a miserable extra 60c to provide care to veterans, which is often more complex. But that is another issue.

**CHAIRMAN**—Are there any further questions?

**Mrs ELSON**—I just wanted to clarify something you said earlier when we were talking about the smart card. You said that technology would confuse the veterans even more. With any concession card it is a matter of putting it over the counter; the smart card would be put over the counter and put through a machine. So that would not confuse the veterans really, would it?

**Mr Harrison**—I think we would certainly need to assess the suitability of access by senior people to technology and whether they could deal with it—that was what we were getting at—and whether or not we need to run some sort of education program along with the introduction of smart card technology.

**CHAIRMAN**—I think you would need that. Ms Winzar was saying that DSS was looking at a smart card; I would imagine that the age profile of her clients would be not dissimilar to that of your clients.

**Mr Harrison**—Aged pensioners, yes. As I say, all we are talking about is an education type program. I hope I was not giving the impression that we were saying that there was anything wrong with the smart card idea. What we are saying is that the way that it looks is important.

**Mrs ELSON**—I have seen a few smart cards with some nice pictures or descriptions on the front. You could do something with the card in Veterans' Affairs that made the veterans feel extra special—especially using the colour gold. I know how important it is if you have a gold card; you feel that you are being more appreciated. It could be simply done to give them a card that distinguishes them from another pensioner.

**Mr Fely**—With the elderly, I suppose the issues with the smart card would be whether it would be just a swipe, or whether a PIN would follow, and all those sorts of things. The more you add to it, the more complex it becomes for the individual. Those sorts of issues, as Mr Harrison was explaining, have to be examined.

**CHAIRMAN**—But as Mr Harrison said, there are seniors on the Net. So it is a question of education.

**Mr Fely**—Yes.

**CHAIRMAN**—As there are no further questions, thank you for appearing. We will send you a draft of your evidence. Thank you very much for your cooperation during this inquiry.

[10.30 a.m.]

**BARSON, Mr Roger Andrew, Assistant Secretary, Disability Programs Division, Department of Health and Family Services, GPO Box 9848, Canberra, Australian Capital Territory 2601**

**BRAZENOR, Dr Robert Mitchell, Director, Analysis Section, Pharmaceutical Benefits Branch, Department of Health and Family Services, GPO Box 9848, Canberra, Australian Capital Territory 2601**

**CHAIRMAN**—Welcome. I must apologise; a division has been called in the House of Representatives and we will return as soon as we can.

**Short adjournment**

**CHAIRMAN**—I am sorry about this. Normally we do not hold our public hearings on sitting days. The parliament scheduled this extra day, and it still would have been okay if it had not been for a particular issue that has been bubbling along for most of the week.

Would you like to give us a brief opening statement to bring us up to date on any changes since you previously gave evidence before the committee?

**Dr Brazenor**—There are no substantive changes we would like to make to our earlier submission. There are some minor changes to the actual levels of co-payments and Safety Net levels referred to in the submission. The general co-payment has now gone from $17.40 to $20; the concessional co-payment from $2.70 to $3.20; the general Safety Net from $600 to $612.60, and the concessional Safety Net from $140 to $166.40. But, apart from that, certainly as it relates to pharmaceutical benefits, there are no additions or changes to the contents of the submission.

**CHAIRMAN**—Thank you. How will the new Commonwealth Service Delivery Agency arrangements, which come into place early next week, impact on the department's administrative responsibilities for Commonwealth concession cards?

**Mr Barson**—Which changes?

**CHAIRMAN**—The new Commonwealth Service Delivery Agency is combining some of the activities of DEETYA and DSS. How will that impact on your responsibilities with respect to Commonwealth concession cards?

**Dr Brazenor**—With respect to the PBS, we do not see that there will be any change at all. Essentially, our department has no role in determining the entitlements or the eligibility requirements for obtaining a concession card. Our role is really to determine

any levels of co-payments in the conditions of concessions that we make under the PBS, but I do not see any direct changes to the PBS from those new arrangements.

**CHAIRMAN**—The Hearing Services and AGHS Reform Act 1997 recently passed by the parliament removes the eligibility of Commonwealth seniors health card holders for free hearing services at the Australian Government Health Service, and children over the age of 18 are also no longer eligible for free hearing services which were previously free until 21 years old. ACROD has argued that this severely disadvantages hearing impaired young people, many of whom are still studying between the ages of 18 and 21 because of learning difficulties. Can the department inform the committee how many Commonwealth seniors health card holders and young people miss out on hearing aids and services as a result of the new act?

**Mr Barson**—Yes. I was going to go on, Mr Chairman, and say that a change to our submission is that very one, that the Commonwealth seniors health card holders who were listed as being eligible in the submission are, from 1 July, no longer eligible for hearing services by virtue of the passage of that act. On the children, though, the government amended its own legislation in the Senate and restored the eligibility for 18- to 21-year-olds. So the answer to your question is that persons up to the age of 21 continue to be eligible for hearing services. That change to remove those people up to the age of 21, has been reversed and not been made, and senior health card holders are not eligible for free hearing services from 1 July this year.

**CHAIRMAN**—What will the annual savings per year be because of this measure?

**Mr Barson**—The decision to remove seniors health card holders was announced in the 1996-97 budget, and there was no reduction in the appropriation made as part of that budget. So while there are savings in as much there will be a group of people who will not present for free hearing services, the appropriation was not reduced, and that money is being continued to be applied to hearing services for eligible people.

**CHAIRMAN**—Was the decision to limit access to hearing services linked to the decision to corporatise the Australian Government Health Service?

**Mr Barson**—No.

**CHAIRMAN**—We have been very interested in evidence we have received in relation to the Pharmanet system in British Columbia. Could you give us an update on your department's evaluation of how successful that has been and whether you are looking at anything similar?

**Dr Brazenor**—I think I would have to refer the details of that to our colleagues and the HIC. Essentially, we understand that we would be interested in a proposal which enables communication of information from the pharmacy to coordinate information relating to a patient to enable that information to be provided through a network to other pharmacies and physicians to improve the quality use of medicine. I believe that, while we would have an interest in that, actual details—

**CHAIRMAN**—Could you take it on notice and maybe get back to us after you have consulted with those people. In getting back to us, could you let us know if you

know of any plans for a trial of the Pharmanet proposal in Australia?

I must say that members of the committee were quite taken with it. There were concerns expressed in relation to privacy, but it seems that a very small number of people in British Columbia have accessed the opportunity to lock their information away. So privacy does not seem to have been of a great concern to people in British Columbia. We just want an update on it because we see it as being something that this country could well look at and we would like to know your views prior to considering our report.

The Australian Council for Rehabilitation of the Disabled—ACROD—the Consumers Health Forum and some welfare groups have outlined to the committee the high cost of living with a disability or a chronic illness. ACROD has proposed a cash Disability Allowance to recognise the additional costs of disability. The department has responsibility for disability policy. What would the position of your department be in relation to the proposal put forward by ACROD?

**Mr Barson**—There has been a series of discussions in recent years over some form of Disability Allowance to cover the costs of disability. The prime carriage of those is really with the Department of Social Security in as much as it is an income support issue. We have been involved in cooperative work with that department, as I say, over recent years in the cost of disability, and there have been several studies done.

One of the key issues was the ability to differentiate the costs of disability experienced by a person as against their income status. More of a government policy question is whether the support was intended to be for people who have those costs as against people who have low incomes. I understand the Department of Social Security is again looking at the cost of the disability issue and we will be cooperating with them. I can get an update on that and provide it to the committee.

**CHAIRMAN**—Thank you very much. There has been a suggestion that there ought to be cashing out of cards and that people would be compensated by cash or overcompensated for the loss of the cards. It seems that that is good policy, but maybe not good politics. Do you have any view on the concept of partial cashing out, where people could elect to cash out rather than retain the card?

It has been suggested that this kind of partial cashing out might meet the concerns that many people have in relation to full cashing out but might make it possible for people in rural and regional areas to effectively get some benefit for concessions which are not available to them in practice but which are accessible by people in metropolitan areas. Do you have any comment on the concept of a voluntary cashing out for those who wish to take advantage of it?

**Mr Barson**—There may have been discussions going on on the issue of converting those sorts of benefits in some form of cashing out, particularly in the context of the early coordinated care trials. But in fact those trials have gone for a different model than cash payment. To my knowledge, that is still an issue, but it has not been explored any further or taken up as a policy issue by the department.

**CHAIRMAN**—Would you like to look into it and maybe get back to us? It just seems that there are points in favour of cashing out and points against it. If there were a voluntary system where people could elect to cash out, yet not be compelled to do so, that might achieve the benefits without attracting the disadvantages of it, which other witnesses have told us about.

The last question I have is in relation to Aboriginal and Torres Strait Islanders' access to concessions. At your first appearance before the committee with this inquiry, officials outlined some pilot studies being undertaken to investigate the best means of delivering pharmaceuticals and other health needs for Aborigines and Torres Strait Islanders in remote locations. Could the department provide an update on those studies and any new strategies to ensure indigenous people have access to the concessions to which they are entitled?

**Dr Brazenor**—I cannot provide an update on the studies referred to—the consultancy being undertaken by the HIC—but there has been some progress within the department on access to remote area Aboriginal communities.

Under present arrangements, under section 100 of the National Health Act, there are some communities in Western Australia where funding of PBS listed pharmaceuticals is provided to the health service rather than to the individual patient. The minister has recently agreed to extend that, in principle, nationwide to remote area Aboriginal health services, and an implementation plan for that will be developed over the course of this year.

**CHAIRMAN**—Would you like to provide us with additional information on that?

**Dr Brazenor**—What information would you be seeking?

**CHAIRMAN**—If you think there is any information that you have not got at your fingertips but which you could supply to us by way of a supplementary submission, we would be pleased to receive it. On the other hand, if you could not add anything to what you have said, do not feel obligated to provide additional information which might not exist.

**Dr Brazenor**—We can certainly provide you with information on expenditure currently under that program and possibly on the numbers of Aboriginal health services that may be affected by this. Would that information be of interest?

**CHAIRMAN**—Yes. Thank you very much. Is there anything else that you would like to say?

**Mr Barson**—I was going to make one addition to the hearing services program part of our submission. It is only a small change but, from 1 July, the services which were traditionally provided by Australian Hearing Services are to be provided more broadly through a mix of Australian Hearing Services and private sector providers. That is a change which adds to our original submission.

**CHAIRMAN**—Thank you very much. I have no further questions. We will send you a draft of your evidence for checking. Thank you for attending this morning, and I apologise for the interruption to the schedule that you no doubt had planned for today.

[11.22 a.m.]

**BRANDT, Mr Peter, Manager, Compliance Branch, Health Insurance Commission, 134 Reed Street, Tuggeranong, Australian Capital Territory 2900**

**NUM, Mr David, Manager, Corporate Planning, Health Insurance Commission, 134 Reed Street, Tuggeranong, Australian Capital Territory 2900**

**TREVETHAN, Mr Morris, Manager, Pharmaceutical Program Branch, Health Insurance Commission, 134 Reed Street, Tuggeranong, Australian Capital Territory 2900**

**CHAIRMAN**—Would you like to make a brief opening statement to bring us up to date on any changes which have occurred since you last appeared before us?

**Mr Trevethan**—The HIC does not have a further formal submission to the committee other than the one that was provided and the follow-up correspondence of 2 January to the secretariat.

The HIC has continued to improve its overall position in the electronic management of health care data. It sees its capability as central to the delivery of the health care role. For instance, it has now incorporated Internet capability in the management of the immunisation register. It has been active with Standards Australia in preparing internationally compatible standards, and is moving, in the pharmaceutical area, to provide for electronic lodgment of claims.

**CHAIRMAN**—The Pharmanet proposal was discussed at length and the HIC is attracted to it. I think you have reviewed it and evaluated it and you may have asked the Commonwealth for funding for a trial. Could you give us an update on Pharmanet, where we stand in relation to that system and what the possibility is of a trial?

**Mr Trevethan**—Yes. In January/February there was an opportunity to view Pharmanet. There was a delegation to British Columbia and to Scotsdale in Arizona. There were two delivery systems that the Pharmacy Guild went to view and Dr David Graham and I also attended. The role of the delegation was to assess the suitability of these systems for the Australian environment; to ascertain the impact on pharmacy and the potential impact on pharmacy practice in Australia; and also the guild had a wider perspective of trying to ascertain its role in the roll-out of such a network.

The important central component—and I would expect the committee may have come across this at a number of points in its deliberation—is that the unique patient identifier forms a broader role. For instance, the concession card is a badge of access to an entitlement and that is the way our systems have been running. But the unique patient identifier is used for the Pharmanet system. It serves to enable the secure management of pharmaceutical data across the system. In that way it threads the system together and that is an important distinction.

In the Australian approach, for instance in the authority prescriptions roll, when taking the calls from doctors we have used up front the volunteering of the Medicare number to quickly enable that data to be brought forward and handled.

**CHAIRMAN**—But you are not looking at a pilot of the Pharmanet proposal?

**Mr Trevethan**—Certainly there has been, I understand, a submission from the guild to the department in recent days, but I am not privy to what that contains.

**CHAIRMAN**—I must suspend the inquiry for this division. One thing I would like you to comment upon when I come back is the Arizona system. You might be able to provide us with a paper on that, because we have not received any evidence at all from anyone in relation to the Arizona system. In particular, we would be interested in how that system differs from Pharmanet.

**Short adjournment**

**CHAIRMAN**—The hearing is now resumed. Prior to the adjournment, I was asking you about the Arizona system.

**Mr Trevethan**—The Pharmanet system in British Columbia differs from ours in that they are responsible for health care delivery—the pharmaceutical program and hospitals—and that is what links them together. In Australia, we have that split across state and Commonwealth.

**CHAIRMAN**—But British Columbia has a provincial system and a federal government.

**Mr Trevethan**—Yes, but we were looking at a provincial system, and the pharmaceutical system and the hospitals were part of that provincial system.

**CHAIRMAN**—I understand.

**Mr Trevethan**—That was rather than the Commonwealth having the PBS. You have asked me to comment on the main features of the PCS Health System. PCS Health System is a wholly owned subsidiary of Lilly, which is an ethical—

**CHAIRMAN**—Is this the Arizona system?

**Mr Trevethan**—Yes, this is the Arizona system. Its mission is to reduce overall health care costs through state-of-the-art information technology, data analysis—

**CHAIRMAN**—That would be your mission too, wouldn't it?

**Mr Trevethan**—Yes, it would be—and financially driven, clinically based programs for all segments of health care. The difference is that it is the insurance based process. What links their clients together is whether they are contributors in their

workplace, if it is a large industry, to their health payment insurance system. Of course, other words come into the dialogue and it is basically what is called a prime vendor system, who the payer is. It is who is going to pay for the process.

**CHAIRMAN**—Would you be able to give us a paper setting out details of the system in Arizona compared with the system in British Columbia? Are you planning a pilot of the Pharmanet proposal here? Will it be along the same lines as Pharmanet or with these variations you have been talking about?

**Mr Trevethan**—The decision process, which we are fairly heavily involved in, is primarily with the department. It has certainly been put forward as a strong proposal, but there are also views that we know what to do and a system could be rolled out. In my earlier evidence I said I understood a paper was with the department recently provided by the guild. I would expect the department is—it is only in the last few days that it came across—having a look at that.

**CHAIRMAN**—With respect to Pharmanet, the Pharmacy Guild's evaluation says:

The Guild's opportunity lies in the wealth of patient and drug related data generated during the dispensing process. It is this data which pharmacy can and should control and use for the benefit of the pharmacy profession and for the benefit of the Australian community.

Obviously, this does raise some rather interesting privacy and data control implications. Is the commission of the same view as the Pharmacy Guild, or do you have a separate view on who should control such data in an Australian version of Pharmanet?

**Mr Trevethan**—The application of the data is to the broader health care. Pharmaceutical care, though a large and important component, is really a component of that total health care data. It is less valuable in isolation than when it is managed in the more total sense.

One aspect of PCS, which is the Arizona one, is that they are involved in the more total application of the data across hospitals, from the medical provider and pathology, and using that data to drive clinical decisions to the better financial and health outcome. I would expect HIC's view would be not to lose sight of the game in that it is the broader application of health care data that will benefit outcomes in health care and benefit the system financially.

**Mrs VALE**—The potential for smart card technology in use in a concession card system has been investigated by this committee throughout the inquiry. Could you outline how smart card technology could be implemented alongside, or complementary to, a Pharmanet type system?

**Mr Trevethan**—I am happy to comment, but first I might hand this response to David Num who has addressed the telemedicine inquiry.

**Mr Num**—The main advantage that a smart card would give us would be better

patient authentication. We would have more likelihood of knowing that that patient is who they say they are, if they were using a smart card, because the properties of the card would allow them to have a PIN that could be uniquely determined by them at that time.

The other advantage could possibly be, if it was also storing information, that they had a record of what services they had got and their time and date so that they were carrying, if you like, a patient record. To put that sort of thing in place, however, requires a whole infrastructure of recording and commonality around the country to make it worth while.

Another way of achieving the same type of result would be to store information about the interactions of people at some central point. As they interacted with the system and there was a need to recall information, that central point could say that this is where they interacted and then those computers could be interrogated and the information gathered. I am not talking about holding all of the personal data in one place but rather it being held by the various institutions and then you could pull it together and use it in emergency situations or for case management of the patient. There are a number of approaches and smart card is only one of them.

**Mr Trevethan**—The route that we are going down for pharmaceutical, for instance, is the Pharmanet route. For instance, even the Medicare card has a certain degree of smartness. It has a card and a magnetic strip. In terms of whatever card was developed, we would see that our systems would be able to interface with it. But the philosophy of running the pharmaceutical Pharmanet system is that when the person's prescription comes in, it obtains the entitlement information and also obtains the records of that person rather than having those on a card which the person could lose or would have to have updated. The route that we are going down for pharmaceuticals in terms of the management of the pharmaceutical care data is one of holding the data and trying to build in real time access.

**Mr Num**—One of the disadvantages with the card is that unless it is uniform across the country, then we do not get all of the benefits out of it. It is unlikely that everybody will want to take on the same card or the same card type and so on, but if we work together with standards and communications standards then what we can do is bring technology in as it is adopted around the country and link people together so that we are working together. We want to ensure that people can update their technology at different times and that we are not stuck with an ageing technology. In different places in the country they can update it at different times but still communicate to the same standards. So whilst the card is attractive, it is not the only solution.

**Mrs ELSON**—Could the commission outline its most recent figures on fraudulent use of the PBS scheme, including doctor shopping and international export of drugs obtained under the PBS?

**Mr Brandt**—In relation to the overseas diversion of PBS drugs, medications benefits, we conducted an operation in Brisbane two months ago both at Brisbane International Airport and at the Brisbane GPO overseas mail exchange. We looked through luggage for four overseas flights, all going to South East Asia, and we looked through

overseas parcels by X-ray on the Friday morning, the first day of the two-day exercise.

We found very little evidence of PBS medication leaving on those two days—the Friday at the GPO and the Saturday at the airport. Our information, however, from the Customs Service is that drugs are leaving the country. The most popular destination seems to be South East Asia and the Middle East. We are planning to do another operation, similar to the Brisbane one, in Sydney and Melbourne, but we have to negotiate with customs and the Australian Federal Police to do that. So we have no date in mind yet.

**Mrs VALE**—How long has the commission been aware that there are drugs going out of the country? Has it been something you have always been aware of or is it something that has been brought to your attention in recent times?

**Mr Brandt**—No, it is certainly longer than recently. We certainly are aware that drugs leave the country. The real difficulty we have had is quantifying the amount that is leaving. We were hoping that operations like the one we conducted in Brisbane would give us an indication of the quantities and types of drugs that are leaving.

**Mrs VALE**—What do you think the government could do to help stop that?

**Mr Brandt**—The National Health Act provides that it is an offence to dispose of a PBS benefit by means other than for what it was intended. Obviously, if a patient obtains a pharmaceutical benefit and then exports it overseas, that is not the purpose it was prescribed for or dispensed for, so that is an offence already. It is really a question of finding who obtained the pharmaceutical benefit and who is exporting it.

**Mrs VALE**—Have you any idea, or is there any indication, of how much this is costing the government?

**Mr Brandt**—No. That is what I said: our difficulty is putting a quantity, a figure, on it.

**CHAIRMAN**—We understand, from what Mr Cameron had raised at an earlier hearing, that Customs have found quite a considerable amount of these pharmaceuticals being exported.

**Mr Brandt**—Yes. We have intelligence reports from Customs that they are leaving the country, sometimes in fairly large shipments—much larger than just a suitcase. But the difficulty is being there at the right time.

**CHAIRMAN**—So what are you doing—just wringing your hands and saying, 'It's all too hard,' or is there a plan to try to stop it?

**Mr Brandt**—No.

**Mrs ELSON**—He has just explained all that.

**Mr Brandt**—I have been through all that.

**CHAIRMAN**—My apologies. I have been out of the room for a moment.

**Mrs ELSON**—I want to ask a question further to that one. Do you think a smart card would stop it, that you would be able to keep a closer eye on people who were doctor shopping?

**Mr Num**—We are developing some quite sophisticated what are called neural network systems, which are advanced statistical techniques to detect patterns of fraud and abuse in our data. One of the things that stops us using that better is our inability to adequately link information from the Medicare and pharmaceutical sides and the quality of the pharmaceutical data that we have, in that the patient is not readily identified and well identified.

Particularly when at certain stages people reach Safety Net limits, the Safety Net applies to the family, so we lose the identity of who is drawing the drugs and things like that. Whilst we are working through that, it impacts on our ability to use that information to target and detect fraud. Also, it limits our ability to use that for public health benefits.

**Mrs ELSON**—Do you do similar to what Medicare does? If Medicare thinks a doctor is oversupplying, they come and talk to the patient. Do you have a system in place where, if you think someone is getting an oversupply of something, you approach that person?

**Mr Num**—There is a doctor shopping program. Perhaps Mr Brandt could speak on that.

**Mr Brandt**—I am not sure how much the committee knows about the doctor shopping project, but in the last budget money was allocated for the project, which is specifically to address people who obtain PBS medication significantly above their therapeutic needs. It has two arms to it. One is to improve the welfare and the health management of the patient in terms of restricting the amount of medication that is out there and in terms of hoarding or patients swapping them. There is also obviously the cost element to the Commonwealth. The project was given $5.25 million for over the next 3½ years, and we are expected to achieve a PBS saving of about $11.5 million.

**Mrs VALE**—I suppose this is not a question you could answer, and I would probably have to address it to the customs department. Is there any indication of which particular countries drugs or pharmaceuticals appear to be being sent?

**Mr Brandt**—The intelligence that we have received from Customs seems to indicate South East Asia and the Middle East. In relation to the question the Chairman asked earlier, about what we are actually doing about it, we had a similar operation to the Brisbane one in Sydney some 18 months ago. The Director of Public Prosecutions in the Sydney office decided that these cases were suitable for prosecution under the section of the National Health Act that I referred to earlier. There were some 19 prosecutions in

Sydney. That was probably about three months ago. Of those, I think 14 pleaded guilty, and five have been adjourned for trial.

**Mrs VALE**—Regarding the Consumers Health Forum of Australia, in their report entitled *Cost of chronic illness and quality use of medicine* and dated April this year, they claim that 84 per cent of all pharmaceuticals issued under the PBS are issued to holders of Commonwealth concession cards. Would you be able to confirm if this figure is correct?

**Mr Trevethan**—That is a figure that the department would provide as part of its provision of services. It would probably be better to take that on notice. While our annual report breaks up the provision of pharmaceuticals within the groups of ordinary or general and Safety Net and concessional, I would be more comfortable if the department took that on notice and gave a precise figure.

**Mrs VALE**—Thank you very much.

**CHAIRMAN**—If you could provide that information to the secretary, he will circulate it.

**Mr Trevethan**—Yes, certainly.

**Mrs ELSON**—The commission's 1995-96 annual report stated that according to the Commission's research only 20 per cent of the Australian population are aware of the PBS Safety Net arrangements and how to access them. Has this problem been addressed since the report through advertising or any other public awareness campaign and, if so, is there any specific targeting of the pensioner benefits population to ensure that all concession cardholders are aware of the Safety Net provisions?

**Mr Trevethan**—We certainly have an area that is active in promoting all aspects of the PBS. I recall that being identified. Brochures have been put out and advertisements have been put in appropriate magazines and newspapers. As a pharmacist, might I add that on the other side, sometimes the patient may be unaware that pharmacists increasingly—nearly exclusively now—keep their records electronically. They accumulate the patient's Safety Net entitlement as they go, particularly if they are at the one pharmacy, so that pharmacist would become aware. It becomes a difficulty if they are across a number of pharmacies. If they are unaware, they may not realise their Safety Net when it becomes due.

The ideal way to handle it—the Health Insurance Commission seeks to do this in going to a networked process—is that, once the pharmacies are networked, all the information on prescriptions is held and the data is brought together to change the patient's access. That could be done, say, off a single card provided there is access back to the entitlement database and the treatment records without the patient having to intervene.

To answer your question, firstly, we have taken some action. Secondly, pharmacies do pick up a lot of that in their practice. Thirdly, the solution is really the interactive solution—to handle the Safety Net and changing entitlement.

**Mrs ELSON**—Following on from that, the customer would have to service the one pharmacy for them to be able to keep up with their records, wouldn't they?

**Mr Trevethan**—There is the prescription record form and certainly the onus is on the patient to maintain that. It is in the form of a card. Many patients carry that in their bag with them. But complementing that, and perhaps it is the predominant way, the pharmacist keeps the record in the computer. Patients need to be aware and they are advised that they need to gather the records from all the pharmacies and hospitals that are involved also. Public hospitals are involved in the same Safety Net arrangements.

**CHAIRMAN**—Thank you very much for appearing before the committee. Please pass the additional information on to the secretariat. A draft of your evidence will be sent to you for checking. We appreciate your cooperation during this inquiry.

[12.00 noon]

**JOHNSTON, Mr Adam David**

**CHAIRMAN**—Welcome. Thank you very much for your submission, Mr Johnston, which has been circulated to members of the committee. For the record, would you state the capacity in which you appear before us this morning.

**Mr Johnston**—I am appearing as a private citizen of New South Wales who did spend some three months last year residing in Canberra.

**CHAIRMAN**—But you have gone home?

**Mr Johnston**—Yes, and now I have returned.

**CHAIRMAN**—Obviously you had some problems here in Canberra with respect to getting access to taxi services at a concessional rate because you were not a permanent resident of the Australian Capital Territory and you were a resident of New South Wales. But apparently, on an ex gratia one-off basis, the ACT government did give you benefits that would not normally be available. What comment do have you to make on that and on the general situation?

**Mr Johnston**—I would begin by stating that the ex gratia payments came in the form of ACT transport dockets and they were obtained after much correspondence. I think most will be in the appendix I provided at the back of my submission, which generally outlines the arguments I put to both the administrators of the ACT and New South Wales governments and in trying to draw the federal government into this situation. Again, as I state in my submission, I believe there is some power for the federal government, in defining a taxi as an internal carriage under section 92, to intervene and implement a full national accessible transport docket scheme.

**CHAIRMAN**—Who would pay for the scheme?

**Mr Johnston**—I would see that the payments would be made in much the same way as they are now. They are obviously paid for by the state transport departments. Part of the money that comes into state budgets is federal money anyway. There is a vertical fiscal imbalance, which means that the federal government has the lion's share of the tax dollars. Then there are the premiers conferences, which outline how the money will be given back to the states and what it will be given for. The states then allocate a certain amount of that to transport and, no doubt, to this scheme.

**CHAIRMAN**—Have you written to the Attorney-General with respect to your views of the breaches that have taken place with sections 117 and 118 of the constitution? If you have, have you got a response? If not, why don't you write to him?

**Mr Johnston**—I am conscious of not trying to press the issue too far before speaking to the committee. I am aware of the need to maintain this issue in an official

capacity, because the letter provided to me by the committee when they accepted my submission did ask me to be cautious about who I wrote to and who I provided the submission to. So I am cautious as to whom I would necessarily give a copy of the submission to without first seeking the assurance of the committee that they were in agreement with that. On that point, I might just draw—

**CHAIRMAN**—Mr Johnston, it is now a public document so you are at liberty to send a copy of your submission to whomever you want to and the committee certainly would not be offended.

**Mr Johnston**—I would certainly then be interested to forward a copy to Mr Williams and ask for his response.

**Mrs ELSON**—Some concession card holders cannot access services they are entitled to, such as disability transport or lack of disabled-modified taxis because they live in rural and remote locations. It is been proposed to the committee that cashing out of concessions in payment to individuals and abolishing cards would be more equitable as this could cover a large range of concessions. What is your view on such a proposal?

**Mr Johnston**—You mean transferring the dockets to actual cash?

**Mrs ELSON**—Yes.

**Mr Johnston**—I am certainly not against the proposal. But shifting for a moment to an urban perspective, as a disabled person, although this would be unlikely, I would have a certain amount of security concerns if I was suddenly carrying around a great deal more money in cash than I would be if I was carrying dockets around. In an urban perspective, I think that is a concern. In a rural perspective, it may not be.

**CHAIRMAN**—But even if it was cashed out, that does not mean that you have to carry a wad of cash around. Obviously you could bank it. Instead of carrying a card around, you might have some kind of cab charge or some other form of non-cash money to pay for the service that you were undertaking.

**Mr Johnston**—If it is in a non-cash form, I would certainly have no difficulty with it. But I draw to your attention that if it is in a cash form and, say, if it is in a bank account, the first problem I would confront is access to tellers and then the ability, if tellers are not available, to use an automatic teller machine. Some of them I am aware of are at a suitable height where I can get at them when I am sitting down, but some are still positioned on a wall where they are too high. So, in conjunction with any cashing of the dockets, we would have to work out logistical problems like that. In theory, I would prefer that the moneys or the dockets continued to come to a recipient's private address or nominated place for picking up mail from the department for transport. I think that would circumvent a lot of logistical problems.

**Mrs VALE**—The Australian Council for Rehabilitation of the Disabled, ACROD, has proposed a cash Disability Allowance to recognise the additional costs of the

disability. The allowance would incorporate a cash component as a substitute for other concessions which are available for people with disabilities who have a concession card. Do you see any advantages in this proposal? What factors do you think should be taken into account in developing any cash Disability Allowance?

**Mr Johnston**—The first problem is that not all disabilities are going to have the same requirements. For example, I use quite a deal of taxi vouchers. Another person may need to spend more of their entitlements on medication or other such things. I am not sure that giving somebody a lot of money and then hoping that they will necessarily be able to access all the services they need from a pool of money would necessarily be the most effective way of doing that. I still think the government needs to have certain programs in place, such as transport programs, because people may not always have the capacity, for a variety of reasons, to manage appropriately the money that the government gives them. For example, they may have an intellectual disability which makes such management decisions difficult. Therefore, to change the focus from the actual programs, which provide the need directly, to a lot of money to buy the services may cause problems.

**Mrs VALE**—Thank you, Mr Johnston.

**Mrs ELSON**—I come from Queensland and I have worked with disabled organisations for the last 15 years.

**CHAIRMAN**—You have done a wonderful job, too.

**Mrs ELSON**—Yes. I have thoroughly enjoyed the job. This one is not too bad. What I saw with these organisations in Queensland is that we subsidise anybody who comes to and from work with a taxi. That is not happening in New South Wales, is it?

**Mr Johnston**—Yes. You have the capacity, if you apply for the taxi transport concession dockets, to use them back and forth from your work, if that is where you need to travel to and from. They will cover half your fare up to the value of $25. That $25 has been the standing amount for several years now and probably should be adjusted upwards, considering changing economics, inflation and other factors. But that is how it operates at the moment. I find that system quite satisfactory. It does not necessarily say that you have to use it travelling to and from work.

**Mrs ELSON**—No. It can be for extended learning purposes.

**Mr Johnston**—For standard taxi transport.

**CHAIRMAN**—My understanding is that the system in New South Wales is adequate, and the system in the ACT is adequate. The system in Queensland is also adequate. When people go from one jurisdiction to another, that reciprocity does not travel with them. So you might well be well catered for in New South Wales, but because the ACT government perceives you to be virtually a foreign national, you are not entitled to the same consideration as an ACT person with the same disability.

**Mr Johnston**—That is virtually the case. I again bring up the constitutional issues that I mentioned in my submission. A resident of one state will not be subject to any unusual disability while in the residence of another. I have recognised that the ACT is not a state. I also outline how that might be done to virtually, though not in an exact sense, bring the ACT under the full gamut of the constitution.

**CHAIRMAN**—We had similar evidence in Tasmania from Paraquad, an organisation looking after paraplegics and quadriplegics. Many Tasmanian members actually have to travel to Victoria to a Melbourne hospital. Certainly they could use the taxi vouchers to Hobart airport, but once they got to Melbourne, they were on their own. I think that is exactly the same problem that you are highlighting.

**Mr Johnston**—That is exactly the same problem, although I would congratulate the Kennett government quite unashamedly because they are the leaders in this in a lot of ways. I am aware that they have reciprocity arrangements with a number of states, including South Australia and Queensland.

**CHAIRMAN**—But not New South Wales.

**Mr Johnston**—Not New South Wales yet. From what I have heard, Victoria is the real leader in what should be going on and other states, including Western Australia—and I think I also cite Tasmania in my submission—are really falling behind. They apparently do not have any reciprocal arrangements with anybody else.

**CHAIRMAN**—My understand is that at one stage there was a national arrangement, but that was discontinued because the states were going to discuss this matter on a bilateral basis. What you are really saying is that that is happening but not adequately.

**Mr Johnston**—It is happening in a few isolated examples but, for a national transport system to work, it really has to be national—it has to bring all the states together at the same time. In a lot of senses, the leadership has to come from Canberra. In my submission, I have called upon John Sharp to respond and urgently bring together a meeting of state and federal transport authorities.

**CHAIRMAN**—Have you been in touch with Mr Sharp?

**Mr Johnston**—No. Mr Sharp's initial response was that he felt it was inappropriate for the federal authority to become involved.

**CHAIRMAN**—'Inappropriate' is a delightful word, isn't it? It covers a multitude of sins.

**Mr Johnston**—It covers a whole range of sins.

**Mrs VALE**—Mr Johnston, perhaps it is just the wrong government department. I am sure if you could make submissions to Minister Moylan, who has just opened resource

centres for carers all over Australia, this would be a problem in which she would have the utmost interest. She may be able to lobby the minister for transport on your behalf in that regard. I will certainly bring it to her attention.

**Mr Johnston**—I would appreciate that. Another issue is jurisdiction. I have been concerned and confused sometimes as to whether I should be speaking to the transport department or the Department of Social Security or someone else.

**CHAIRMAN**—Talk to them all.

**Mr Johnston**—What you tend to get back is a series of form letters which say, first of all, 'We will look into it,' and then, 'It is not exactly our problem.' That appears to be the way it operates. Again, there is so much red tape, because it is almost completely at the behest of the second tier of government at the state level. If you want something done in one state and it affects other states, you have to get in touch with all of them and get them all to agree.

**CHAIRMAN**—I am a strong supporter of federation but, when one looks at all of the consultations one has within our federation among the various levels of government, one wonders about the collective cost to the nation of those consultations.

**Mr Johnston**—Yes. Again, I would cite a comment in my submission about whether anybody has done any comparative studies on the waste in the duplication of so many travel services and docket arrangements. If it were under the control of one department, or a liaison department between all departments, there might be cost benefits for both the government and users of the system.

**CHAIRMAN**—The new government is actually moving to transfer functions to the states where it is felt that those functions are better handled at that level. We get political criticism on that transfer because various people have differing views on what the government is suggesting. I take it that you would be pleased if we were to include in our report a recommendation that this matter of reciprocity of transport concessions be given a high priority—

**Mr Johnston**—At a federal level.

**CHAIRMAN**—at heads of government level?

**Mr Johnston**—Yes. I also noted that it may be possible for the federal government to withdraw a certain amount of money from New South Wales COAG grants. Until New South Wales has returned the money to the ACT, it was my understanding, through consultations with my federal and state members and the departments that assisted me in bringing the ACT and New South Wales departments to an agreement, that I could use the ACT dockets. The agreement apparently was that New South Wales would refund ACT the money for my transport. As far as I am aware, New South Wales has not done that and they do not look likely to do that.

However, I am also aware that, as long as this situation remains, ACT travellers are being disadvantaged, because there is an extensive waiting list. It is a waiting list I admit I was probably allowed to jump to a certain extent, because I was able to show that I would not be down in Canberra for an indefinite period and I had a definite reason for being here. But, as long as the money that I used while in the system remains out of the ACT government's Treasury, it cannot be used for a permanent resident who probably needs it.

**CHAIRMAN**—Thank you very much. Anything further you would like to tell us?

**Mr Johnston**—Some new information has come my way and I would really like to encourage the committee to undertake a new angle in your inquiry. One person who was intimately involved in my discussions, debates, letters et cetera with the various governments to arrange taxi transport was Margaret Miller, the disability officer of the Australian National University. Because she was intimately involved when I wrote the submission, one of the people I did actually tell that I had done this was Margaret Miller, because I thought she, amongst others, would be most interested and may benefit from it.

In a letter to me, which I am quite happy to table, she declined to make a submission, although I encouraged that, because she would have intimate knowledge of the ACT system. However, she did say that she had bumped into Kate Carnell and, by chance, the taxi scheme issue came up. She says that it seems here the problem rests with Aerial Taxis, who will not agree to cross-border arrangements. She said it could all happen tomorrow if they agreed.

They still have not solved the Queanbeyan-ACT bit. There was going to be a situation where Queanbeyan residents could travel in and out of the ACT, but that has not happened. She says that they have not solved that yet, let alone anything else, and said it was a longstanding issue that will go on for ages, as it comes back to complicated government funding arrangements between New South Wales and the ACT, if the taxis will not agree. In responding to that, what I would say is that that suggests to me that Aerial is the only taxi company that I am aware of in the ACT. Therefore, Aerial holds a monopoly on taxi transport for all ACT residents. I would question, in some respects, whether this is not an issue that the committee should either look into itself, or refer to the Australian Competition and Consumer Commission, because they do have power to look into monopolies and this is an monopoly. Not only that, I can vouch for the fact that the monopoly as it stands is causing great inconvenience to passengers and to drivers.

**CHAIRMAN**—I suggest that you might pass that on to the Australian Competition and Consumer Commission. We certainly, as a committee, will inquire of the situation from Aerial Taxis. It seems to me to be amazing that Aerial Taxis would seek to frustrate this, bearing in mind that the taxi company gets paid the same amount of money, it is just a question as to where the payment comes from.

**Mr Johnston**—I cannot explain it to you, but what I can say is that, while I was travelling to and from the parliament in my Aerial taxi—and I might mention that the drivers themselves were quite reliable, they quite understood the problems I was facing

and they welcomed any attempt to rationalise the situation—if you listened closely enough to the radio room messages going backwards and forwards, two or three times a week it was not unusual to hear a driver question, ‘Can I accept New South Wales dockets?’ and for the radio room to respond, ‘No, you can’t. If you want them, you will have to find a New South Wales driver to swap them with. We cannot accept them.’

**CHAIRMAN**—That might not actually be the fault of Aerial taxis. That might be the fault of the cooperative arrangement that does not exist between the ACT and New South Wales.

**Mr Johnston**—Again, it might be. But, certainly, if what Ms Miller says in her letter turns out to be true, then Aerial taxis is not helping the situation if they are one of the protagonist parties and the ACT government says, ‘We could all agree to this tomorrow if the Aerial company would come to the negotiating table with us.’

**CHAIRMAN**—Thank you very much. There are no further questions. We are just about out of time. Is there anything else that you specifically wanted to say to us?

**Mr Johnston**—Finally, just to return to my issue of federation. I believe, with all the constitutional issues that I have raised, that this federation can work if we force it to work. I found an interesting quote from an old book entitled *The Principle of Federation*, written in 1863 by P.J. Proudhon. It is interesting that he defined federation as:

. . . an agreement by which one or more heads of family, one or more towns,. . . or states, assume reciprocal and equal commitments to perform one or more specific tasks, . . .

I think the principle words there are ‘equal and reciprocal’. This is not happening in this situation. The federation is not working properly. The constitutional issues that I raised in the document that I gave headed ‘Constitutional issues’ try to argue that it should work better, it can work better, but we have to force the state governments to admit that they are all on the same side. It would be a good start, for example, if we could all agree on what time it should be in summer. We could work from there.

**CHAIRMAN**—I think the people have views about that. In Queensland they had a referendum and the people said no. That is clearly another issue. What are you studying at university?

**Mr Johnston**—Law.

**Mrs VALE**—Constitutional law, too, I would say. It is probably your forte.

**Mr Johnston**—Yes, how did you guess?

**CHAIRMAN**—On behalf of the committee we would like to wish you every success with your studies. Thank you for your submission and for coming along to Canberra to talk to us. A draft of your evidence will be sent to you for checking. It would be appreciated if you could return it to Hansard.

This brings to an end the formal hearings with respect to the concession card inquiry. Over the break we will deliberate on what is going to be in our report. We would expect to present the report when the parliament resumes in spring.

Resolved (on motion by Mrs Elson, seconded by Mrs Vale):

That, pursuant to the power conferred by section 2(2) of the Parliamentary Papers Act 1908, this committee authorises publication of the evidence given before it at public hearing this day.

**CHAIRMAN**—Before formally closing the inquiry, I would like to thank the secretary to the committee and the inquiry secretary, Mrs Jaggers, Hansard and all of the support staff we have had. We hope that our report will make a positive contribution to the national debate concerning this matter.

**Committee adjourned at 12.29 p.m.**