

Human Services Portfolio

5.1 The Committee took evidence from the Human Services portfolio on Thursday 24 May 2007. The Committee examined the department together with Centrelink, Medicare Australia and Health Services Australia (HSA). The examination focused mainly upon issues surrounding the Access Card. The following issues of interest are discussed below:

- Access Card;
- Late responses to questions on notice; and
- Certain contractual arrangements of Health Services Australia.

Department of Human Services

Access Card

5.2 Senator the Hon. Chris Ellison, Minister for Human Services, indicated his desire for the revised Access Card bill to be referred to a senate committee for inquiry. He stated that it was the government's intention to introduce the bill into the parliament in the June 2007 sitting fortnight. The Minister and officials discussed at length various technical aspects of the Access Card.¹ The committee also heard that the Minister had carried out extensive consultations with a number of privacy and welfare rights organisations.²

5.3 Subsequent to the hearing the Minister announced the Access Card bill would not be introduced into the parliament in June. The Minister announced that there would be a public release of an exposure draft enabling further consultation with the states, territories and other stakeholders.³

Late responses to questions on notice

5.4 Committee members expressed frustration at the arrival of responses to questions on notice on the day of the estimates hearings. Twelve responses of a total of 94 were received on the day (with an additional 17 received in the week prior to the hearings). It was acknowledged that unlike previous estimate hearings, the department had provided all its responses prior to the hearings. Nonetheless, committee members told officials that receiving responses on the day of the hearings 'does not aid the system'.⁴

1 *Estimates Hansard*, 24 May 2007, pp 77–107.

2 *Estimates Hansard*, 24 May 2007, p. 102.

3 'A question of identity on the cards', *Weekend Australian*, 9 June 2007, p. 21, http://parlinfoweb.parl.net/parlinfo/Repository1/Media/npaper_4/SMBN60.pdf.

4 *Estimates Hansard*, 24 May 2007, p. 56.

5.5 The Departmental Secretary explained that the delays had been caused by the need to provide detailed answers and the difficulties posed by the busy Budget period. In order for the committee to understand the cause of the delay the department undertook to provide on notice the date on which responses (received after the due date) were sent to the Minister's office.⁵ The committee was pleased to hear that the department will no longer include a statement on the cost and hours committed by the department to each question on notice response.⁶

5.6 Other issues raised by members of the committee included:

- The Department of Human Services budget;⁷
- The budget for IT expenditure;⁸
- Job Capacity Assessments;⁹ and
- The Commonwealth Rehabilitation Service (CRS) Australia.¹⁰

Centrelink

5.7 The majority of discussion between Centrelink officials and the committee centred around the Access Card.¹¹ Other matters raised included:

- Fraud and compliance;¹² and
- Assaults and security provisions.¹³

Medicare Australia

5.8 In a relatively brief examination of Medicare, the committee examined matters pertaining to the Access Card and IT expenditure.¹⁴

Health Services Australia

5.9 Health Services Australia (HSA) was examined by the committee for the first time in a number of years. Officials from HSA were questioned about a contract for

5 *Estimates Hansard*, 24 May 2007, pp 55–57.

6 *Estimates Hansard*, 24 May 2007, pp 80–81.

7 *Estimates Hansard*, 24 May 2007, pp 99–100.

8 *Estimates Hansard*, 24 May 2007, pp 107–108.

9 *Estimates Hansard*, 24 May 2007, pp 110–113.

10 *Estimates Hansard*, 24 May 2007, pp 113–116.

11 *Estimates Hansard*, 24 May 2007, pp 116–119.

12 *Estimates Hansard*, 24 May 2007, pp 119–123.

13 *Estimates Hansard*, 24 May 2007, pp 123–24.

14 *Estimates Hansard*, 24 May 2007, pp 124–26.

the provision of radiology services, valued at \$250 000 per annum for 2 or 3 years. The contract was awarded to Digital Health Screening on a sole supplier basis.¹⁵

5.10 Evidence was given by HSA's Managing Director that he and the owner of Digital Health Screening were former colleagues and had sat on the board of an imaging company together in 1998–2002. The owner of Digital Health Screening became aware of the opportunity to provide the radiology service to HSA through the Managing Director of HSA. The contract was approved by an executive meeting, without going to the board, as permitted by the HSA procurement guidelines.¹⁶ The committee heard the Managing Director was of the view that he did not have a personal interest and so did not exclude himself from the decision.

5.11 Senator Ellison, the Minister for Human Services, indicated that the HSA Group is accountable to its shareholders, the Finance Minister and the Health Minister, and that he would draw the matter to their attention. Later the Managing Director stated the Shareholder Ministers were aware of the relationship between himself and the owner of Digital Health Screening.

5.12 The committee also heard evidence of a second contract with Digital Health Screening to provide radiology services worth \$1 million per annum for 3 years. The Managing Director indicated that this contract had been approved by the board in accordance with HSA's procurement guidelines.

5.13 Subsequent to the hearing both the Minister and the Managing Director provided additional information to the committee.

5.14 On 25 May 2007 the Minister advised that he had been misinformed prior to the hearing that he was not a shareholder of HSA. He wrote to the committee to correct the record, stating:

...I have since been informed that the constitution for Health Services Australia Limited was amended by special resolution in early 2005 following changes to the Administrative Arrangement Orders in late 2004... Accordingly, I am therefore informed that I am a shareholder Minister for Health Services Australia Limited.¹⁷

15 *Estimates Hansard*, 24 May 2007, pp 129–134.

16 The HSA Group is a *Commonwealth Companies and Authorities Act 1997* body and as such is not subject to the Commonwealth Procurement Guidelines. The company is managed by an independent Board of Directors.

17 Senator the Hon. Chris Ellison, Minister for Human Services, clarification of evidence, received 25 May 2007, http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0708/human_services/index.htm

5.15 On 31 May 2007 the Managing Director retracted the claim that the Shareholder Ministers were aware of his relationship with the owner of Digital Health Screening, and stated they were not aware of the prior relationship.¹⁸

5.16 Other issues raised by the committee and other Senators include:

- The appointment of the HSA Managing Director;¹⁹
- Annual reports;²⁰ and
- Procurement guidelines.²¹

Acknowledgements

5.17 The committee expresses its appreciation of the service provided by the secretariat, the broadcasting and transcription services provided by the Department of Parliamentary Services and the service provided by the Black Rod's Office and committee room attendants in preparing the rooms and providing refreshments for members and witnesses during the hearing.

5.18 The committee also wishes to thank all ministers and departmental and agency officers for their assistance.

Next hearings—Budget Supplementary Estimates 2007–08

5.19 By resolution of the Senate, the committee is scheduled to consider the supplementary budget estimates for the 2007–08 financial year from Monday 12 November through to Thursday 15 November 2007.

5.20 While the Committee endeavours to follow the usual convention relating to the order of appearance of witnesses, it reminds ministers, departments and agencies that they need to be prepared to be available on the above days.

Senator Mitch Fifield

Chair

18 Mr Walter Kmet, Managing Director, Health Services Australia, clarification of evidence, received 31 May 2007, http://www.aph.gov.au/Senate/committee/fapa_ctte/estimates/bud_0708/human_services/index.htm

19 *Estimates Hansard*, 24 May 2007, pp 126–127.

20 *Estimates Hansard*, 24 May 2007, pp 127–128.

21 *Estimates Hansard*, 24 May 2007, pp 128–129.