

## Finance and Administration Portfolio

**4.1** The Committee took evidence from the Department of Finance and Administration, Department of Human Services and agencies of the Finance and Administration portfolio on Tuesday, 15 February 2005.

### Department of Finance and Administration (DoFA)

**4.2** Issues raised by the Committee and other senators included:

- Portfolio restructures;
- Failure to meet each outcome target;
- Ex gratia payments;
- The Future Fund;
- Public sector superannuation liability;
- Telstra sale costs;
- Telstra and Australia Post superannuation liability;
- Accountability enforcement issues;
- Matters relating to various ANAO reports;
- Composition of the Consolidated Revenue Fund;
- Alleged departmental leaks and associated investigations;
- Scoping study into the sale of Telstra;
- Public sector superannuation advice;
- DoFA input into *Draft bilateral agreement on private financing*; and
- Superannuation.

#### *Portfolio restructures*

**4.3** Dr Ian Watt, Secretary of the Department of Finance and Administration (DoFA), told the Committee that the creation of the Department of Human Services (DHS) within the Finance and Administration portfolio had no direct effect on DoFA, apart from the fact that DoFA temporarily seconded a number of officers to assist in establishing the new department.

**4.4** The Committee heard about the transfer of the 111 staff and functions of the Australian Government Information Management Office (AGIMO) from the Communications, Information Technology and the Arts portfolio to the Finance and Administration portfolio on 27 October 2004. Later, Mr John Grant, Acting General Manager of AGIMO, told the Committee that the rationale for bringing AGIMO under DoFA was twofold: first, the desire to bring the former executive agency under a

department; and second, its coordination role would be easier from within a central agency.

**4.5** AGIMO was integrated into the DoFA program and a new outcome created. The Committee is concerned that it was not made aware of the new outcome until the PAES was tabled on the afternoon of Thursday 10 February 2005 – effectively one business day before Additional estimates hearings commenced. This meant that many senators, who were in transit at the time, were not aware of the new outcome.

**4.6** Senator Sherry questioned the significant increase in DoFA staff numbers to 30 June 2004. He was told that this was caused by a growth in the functions and responsibilities of the department, for example, the role of coordinating Commonwealth construction activity, the impact of the US Free Trade Agreement, a central procurement role, direct assistance to some Pacific Island states' treasuries and finance departments and involvement in Defence procurement. The Office of Evaluation and Audit, comprising about 20 staff, was transferred from ATSIC to DoFA on 1 July 2004. Dr Watt said that the total number of departmental staff had increased from 1078 on 30 June 2004 to just under 1300 at present.

*Failure to meet each output target*

**4.7** The Committee spent time questioning the Department about failing to meet each of its four output targets in the 2003-2004 financial year. Mr Bowen, head of the Budget Group, said that this was because 'we had always had pretty tight targets' and 'if you go back into history, we have always had some difficulty in meeting those targets'.<sup>1</sup> Mr Bowen reported that DoFA is looking at ways to improve the accuracy of the estimate. Firstly, they have introduced a more collaborative model with agencies in developing estimates. They are also working very closely with agencies on their estimating models. They are also redeveloping the central budget management system. Senator Sherry asked whether this was a partial return to the old system, and was informed that it was, in terms of collecting program data at a much more detailed level.

*Ex gratia payments*

**4.8** Senator Sherry asked about ex gratia (act of grace) payments and the list tabled in response to a question on notice. He asked about a payment by Defence for \$45 million, and was informed that it was a waiver of debt owed to the Commonwealth by Australian Defence Industries, in order to remove the ongoing debt to the Commonwealth before the sale of the company. The second was a \$53 million payment by DoFA in consideration for the issue of shares in ComLand. A \$1.3 billion payment related to the early repayment of a debt from the Victorian Government to the Commonwealth government under the Commonwealth State Housing Agreement.

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1 *Committee Hansard*, 15 February 2005, F&PA 6

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It was a mechanical arrangement to effect the early repayment, because the Agreement required the Commonwealth to waive the future right to those repayments.

### *The Future Fund*

**4.9** Committee members spent time questioning the Minister for Finance and Administration, Senator The Hon Nick Minchin and DoFA witnesses about a Future Fund announced as government policy by the Treasurer, The Hon Peter Costello MP on 10 September 2004. The Treasurer described the Future Fund as an investment fund that would use future government surpluses to begin funding the Commonwealth's unfunded superannuation liabilities. DoFA witnesses refused to answer the question of whether DoFA had examined a Future Fund 'or a future type fund' internally prior to the government's announcement. The Minister defended this stance by saying that a department would not normally 'comment on or reflect upon what, if any, work may be engaged in that does not relate to existing government policy'.<sup>2</sup>

**4.10** Senator Sherry asked about the issues DoFA was examining in the context of the Future Fund. Mr Ian McPhee, General Manager of the Finance Group, advised that the issues cover a range of areas, including governance, arrangements for the new Future Fund, the accounting treatment and the nature of the surpluses required to fund the superannuation liability within the time frame specified by the government. He informed the Committee that preliminary analysis was still taking place and a cabinet submission was being developed in conjunction with Treasury, but that DoFA was not yet ready to present advice to the Minister or the Government.

**4.11** The Committee asked about the impact of a Future Fund on forward estimates. Departmental staff did not wish to speculate before a policy decision was made, but said that 'presumably there would be an impact on revenues earned by the fund and on assets retained'.<sup>3</sup> If the fund were part of the general government sector then it would contribute to the net worth of the general government sector. If it were, for example akin to a financial institution, it would be part of the Commonwealth's consolidated asset position but not part of the general government sector balance sheet. This major public policy issue had not yet been decided.

**4.12** Senator Sherry asked whether the Government's statement in the public announcement that 'future budget surpluses will be used as a source of assets' meant all future surpluses or part thereof. He also asked whether the Minister was able to identify other possible sources. The Minister said that he was unable to answer these questions until the Government had decided the nature of the fund.

**4.13** The Department was asked about the extent to which it had examined and consulted with overseas and Australian public and private sector funds. DoFA

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2 *Committee Hansard*, 15 February 2005, F&PA 9

3 *Committee Hansard*, 15 February 2005, F&PA 11

witnesses said that high level discussions had taken place with CSS and PSS board members, but not with any overseas funds, private sector fund managers or asset consultants. Dr Watt indicated although DoFA had broadly examined the possible impact on relevant forward revenue and expense estimates, there was little point in focusing on detail until the Government sets the broad architectural arrangements for the fund.

#### *Public sector superannuation liability*

**4.14** Senator Sherry asked whether DoFA had carried out a new forecast on the liabilities of the public sector superannuation fund based on the forthcoming (1 July 2005) closure of the defined benefit public sector superannuation fund to new entrants and it becoming an accumulation scheme for new entrants. He was told that actuarial calculations are carried out on a triennial basis, with the next due on 1 July 2005. Annual validations to update the liability figure are undertaken on each 30 June. However, projections were carried out approximately 12 months ago, when the policy was being developed.

#### *Telstra sale costs*

**4.15** Senator Sherry asked questions about the Opposition's 1 October 2004 request to DoFA for a costing of its policy of not proceeding with the planned sale of Telstra. DoFA declined to provide a breakdown of 'the annual figures in costing by Telstra dividends received by government, the public debt interest, the PDI impact and the sale costs'<sup>4</sup> because the Telstra Corporation Act requires DoFA to confidentially receive information in relation to dividend projections. Although witnesses agreed that these figures would most likely be released after the ANAO did a performance audit in relation to Telstra 3, they still declined to release the information to the Committee.

#### *Telstra and Australia Post superannuation liability*

**4.16** Senator Sherry asked about the Government's 18 June 2004 announcement that it had paid out the Commonwealth's Telstra superannuation liability. Dr Watt informed the Committee that:

The government had been making a stream of payments over time and the government chose to pay out the outstanding liability as a lump sum. This came after extensive negotiations with Telstra and with the agreement of the Telstra trustees of the Telstra superannuation fund.<sup>5</sup>

**4.17** Telstra and Australia Post liabilities were both fully paid out. In the case of Telstra, the payment was \$1.433 billion; and Australia Post was \$3.125 billion. Both were cash payments, and were classified as a financing transaction. The above the line impact was not that significant: it was limited to the last payment of interest.

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4 *Committee Hansard*, 15 February 2005, F&PA 16

5 *Committee Hansard*, 15 February 2005, F&PA. 17

**4.18** Senator Sherry also asked about the accounting treatment of the payments and why they were largely treated below the line and did not impact on the budget. Dr Watt explained that as they were financing transactions (the repayment of the principal of an outstanding liability) there was no impact on the budget balance from the payments. DoFA had sought advice from the Australian Bureau of Statistics about the Government Finance Statistics treatment of these payments.

*Accountability enforcement issues*

**4.19** Senator Murray commended DoFA on its response to his questions on notice relating to procurement issues. He then expressed general concerns with accountability enforcement mechanisms in the public sector, asking:

What is the point of a department of your status, your authority, your wisdom and your expertise putting out financial guidelines and other directives to, I think, 170-plus agencies with no means of enforcement and no comprehensive means of audit—because, as you know, the Auditor-General just dips into agencies periodically on performance contracts? Isn't there a great gap between the intent of government—quality, professional intent—and the execution because you have no way of ensuring agencies' outcomes?<sup>6</sup>

**4.20** Mr McPhee agreed that there were tensions in the current system, but said that DoFA's role is to provide agencies with guidance about the financial management framework and raise awareness of systemic issues that require close attention. He also mentioned that an interventionist role for DoFA would not fit with the clear line of accountability provided by the devolved model where agency heads have a statutory responsibility to adhere to legislation and government policy.

**4.21** Senator Murray discussed the discrepancy between public sector accountability and Corporations Law, where accountability rests with the company but directors, auditors and others have specific responsibilities to sign off on compliance, which is then subject to checks by the Australian Securities and Investments Commission (ASIC). Senator Murray observed: 'We do not have an ASIC in the public sector. That is what is missing. There is no body to which you can go and make a complaint or which on its own motion will go and establish that somebody has broken the law.'<sup>7</sup>

**4.22** Senator Murray then moved on to more specific issues relating to ANAO Audit Report No. 22 2004-05, which found that six Commonwealth entities had a combined total of \$566 million in unauthorised investments – a breach of both the law and of DoFA directives. He referred again to the problem of there being no body to investigate this breach of the law and decide whether there was a case to answer, either civil or criminal. DoFA witnesses defended the accountability strengths of the

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6 *Committee Hansard*, 15 February 2005, F&PA 21

7 *Committee Hansard*, 15 February 2005, F&PA 22

devolved system, and said that it was sufficiently supported by internal audit requirements.

### *ANAO report issues*

**4.23** Senator Sherry asked whether the systemic problems identified in a number of ANAO audit reports released in the past six months were a result of the devolution of most aspects of financial management to individual agencies. Dr Watt said that with the benefit of hindsight, the changes 'have required of the Public Service a level of understanding of financial issues, which was easily underestimated. We have not had the level of financial expertise in the Commonwealth in the last number of years that we would have liked'.<sup>8</sup> Mr McPhee said DoFA was trying to be more proactive in raising agencies' awareness of particular financial management issues.

**4.24** Senator Sherry asked about the increase in qualified audit reports from four agencies in 2002-03 to 12 in 2003-04. The ANAO issues qualifications where it believes:

...the financial statements do not present a fair view of the entity's financial position, nor of the results of its operations and cashflows, as well as reducing the reader's ability to analyse, interpret and compare financial statements.<sup>9</sup>

**4.25** This increase is of concern to the Committee because it means the Committee and Parliament are less able to rely on financial statements as representing an accurate view. Mr McPhee advised that DoFA now asks agencies to provide early advice on issues which may cause qualification of accounts. Qualification of agencies' financial accounts comes to bear on DoFA because at whole of government level it consolidates agencies' accounts. Dr Watt did not believe the level of qualified reports was linked to devolution, but rather it reflected the fact that private as well as public sector auditors were now looking harder for any possible problems.

**4.26** As discussed in the ANAO section of this report, Senator Sherry again asked questions about audit reports on the financial statements of six agencies reporting breaches of section 83 of the Constitution—that is, spending public funds in excess of those appropriated by the Parliament. Mr McPhee said that DoFA viewed this as extremely serious and agencies should have internal control mechanisms to ensure this does not occur. However, DoFA had not discussed the issue with individual agencies or identified practical consequences of breaching the constitution because it believed the breaches were matters for agency CEOs to address.

**4.27** Senator Sherry asked questions about whether the 1999 devolution of responsibility for appropriations was a factor contributing to the \$47 billion in unauthorised investments identified in Audit Report No. 15 2004-05: *Financial*

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8 *Committee Hansard*, 15 February 2005, F&PA 29

9 Audit report on the consolidated financial statements, p. 43

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*management of special appropriations.* Mr Michael Culhane, Branch Manager, Finance and Banking, advised that although DoFA had not contacted agencies on this matter subsequent to the report, in April 2004 he wrote to CFOs of Financial Management and Accountability Act (FMA Act) agencies with a delegation to invest public monies in order to remind them of their responsibilities. Dr Watt suggested that many of the breaches occurred due to misunderstanding of allowed and not allowed investments under the FMA Act.

#### *Composition of the Consolidated Revenue Fund*

**4.28** Mr McPhee advised the Committee that the current Consolidated Revenue Fund (CRF) was established under the FMA Act to align with section 81 of the Constitution, which states the CRF comprises all revenues or moneys raised by the government. The previous CRF under the Audit Act was three funds: revenue, trust and loan. DoFA obtains the derived balance of the CRF by:

...to get to the balance of the CRF we actually start with the overall general government sector cash position. We then take off the agency cash balances that are held by CAC bodies. These are entities who act in their own right, and so their funds do not form part of the consolidated revenue fund. So we deduct those. We add the special public moneys to derive a balance of the CRF. To do our consolidation exercises on a monthly or annual basis, we get returns from agencies on their cash position. Some of those agencies' balances do form part of the consolidated revenue fund; some do not.<sup>10</sup>

#### *Alleged departmental leaks and associated investigations*

**4.29** Senator Faulkner asked questions about media reports regarding material allegedly leaked by DoFA staff during the 2004 election campaign. Mr Lembit Suur, General Manager of the Corporate Group, said that one incident had been referred to the Australian Federal Police (AFP) for investigation. This involved a reference by the then Opposition Leader, Mr Mark Latham, to an alleged briefing to the Minister for Finance and Administration on the family tax benefit. Another matter, involving the relative salaries of opposition and government staff members, was not currently with the AFP. However, some DoFA staff were questioned by the AFP regarding another matter involving family tax benefit information to which a number of departments had access.

**4.30** The Committee heard that as part of its regular security reviews, DoFA had engaged expert agencies such as ASIO, DSD and the Protective Security Coordination Centre (PSCC) to advise on IT security, physical security and document security. Senator Faulkner asked whether a security review had been initiated in response to these matters. Mr Suur told the Committee that Mr Len Early, a former deputy secretary of the Department of Finance, had been engaged to carry out the broad review of security procedures, because he was independent of the department yet had

the requisite knowledge of how the department operates. Dr Watt said that the review did not go out to tender, rather it was offered to Mr Early by DoFA.

**4.31** Senator Faulkner saw as an "accountability minus" DoFA witnesses' and the Minister's refusal to disclose the hourly or weekly rate being paid to Mr Early, particularly given the fact that the Finance and Administration portfolio has been forthcoming with such information in previous estimates hearings. Dr Watt said that DoFA will release the amount paid to Mr Early in its annual report after the review is completed.

#### *Telstra scoping study*

**4.32** Senator Sherry inquired about the forthcoming scoping study on the sale of Telstra. Mr Simon Lewis, General Manager of the Asset Management Group, advised that the tender had been advertised, and a provider had been engaged for process advisory services. The process adviser, Sparke Helmore, would ensure the process is conducted fairly and equitably. Business adviser, legal adviser and communications and market research adviser appointments were yet to be made, and it is expected that the scoping study will conclude by mid-2005. Senator Sherry asked how the study would help determine how an appropriate return for taxpayers on the sale of Telstra could be achieved, but DoFA said it was not yet able to provide this information because the structure and scope of the report had not yet been determined.

#### *Public sector superannuation advice*

**4.33** The Committee heard that the combined PSS and CSS fund was approaching \$13 billion. Given that the PSS fund becomes an accumulation fund from 1 July for new employees, Mr Steve Gibbs, Chief Executive Officer, advised that ComSuper had carried out some broad estimates on the size of the accumulation plan component within the PSS. Actuarial projections of the PSS longer-term liabilities given the closure of the defined benefit (DB) and accumulation had been carried out to 2013 and departments had been advised of the projections. The Committee heard that current fund management costs are 0.25 of one per cent in one fund and 0.26 of one per cent in the other, which is low compared to superannuation funds in the private sector, largely due to economies of scale. The total of fund management and administrative costs comes to 0.41 of one per cent.

#### *Draft bilateral agreement on private financing*

**4.34** Senator Sherry asked whether DoFA had provided comment on a draft DoTARS document relating to Auslink, given that DoFA has broad policy responsibility for private financing initiatives. Ms Susan Page, Division Head, Industry, Education and Infrastructure Division, advised that DoFA and the other central agencies had been consulted on the draft agreements between the Australian Government and the States and Territories setting out the conditions for AusLink land transport funding. DoFA comments related to establishing performance indicators and reporting requirements for specific purpose payments.



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*Ministerial and Parliamentary Services (MAPS)*

**4.35** Senator The Hon Eric Abetz, Special Minister of State, made a brief opening statement acknowledging the services of Mr John Gavin, who retired in October 2004 after an outstanding career in the public service and 32 years in various incarnations of the administration portfolio. The Committee joined him in his sentiments about Mr Gavin's long and meritorious service.

**4.36** Senator Faulkner questioned the Minister about the definition of 'voting information' in circular 2004/43 – *change to members' printing entitlement – inclusion of voting information*. Senator Abetz said that it covered information such as how to vote cards. Senator Faulkner was dissatisfied with the broadness of the definition and said that it represented: '...a very significant change to what, acceptably, can be distributed by sitting members in an election campaign.'<sup>11</sup>

**4.37** Ms Jan Mason, General Manager, Ministerial and Parliamentary Services, said:

As the minister mentioned earlier, there are many shades of grey with various entitlements. The department has given general guidance in a publication that we produced after the last election, which advises that parliamentarians need to be careful in their use of entitlements to ensure that it not only complies with the letter of the entitlement but also should be publicly defensible. If there is an element of doubt about whether the use of the entitlement may be publicly defensible then our general guidance would be to advise our clients to reflect carefully before accessing entitlements at Australian government expense for that purpose.<sup>12</sup>

**4.38** Senator Faulkner asked about the number of approvals for electorate office relocations since the election. Mr John Edge, Branch Manager, Account Management advised that there have been 19 in principle approvals for relocation, and two actual approvals (where new premises have been identified).

**4.39** The Committee asked about media allegations of a breach of the code of conduct by Minister De-Anne Kelly's former staff member Mr Ken Crooke in relation to the declarations of interest of ministerial staff. Ms Mason said that MAPS asks to be advised when a statement of private interest is lodged by a staff member, but does not receive a copy of the statement. MAPS records did not show that Mr Crooke had lodged a declaration, although this does not mean a declaration was not lodged with the Minister.

**4.40** The Committee was advised that MAPS had been informed of a total of 46 private interest declarations that had been lodged between 1 October and 10 November. Senator Faulkner also requested statistics for 1 September and 1 October

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11 *Committee Hansard*, 15 February 2005, F&PA 59

12 *Committee Hansard*, 15 February 2005, F&PA 61

2004. Ms Mason advised that there were 409 ministerial staff in total required to lodge declarations, and a reminder was sent to ministers in December 2004 and there were plans to make it a regular reminder.

**4.41** Senator Faulkner asked about process issues in calculating and reviewing MOP staff superannuation and leave entitlements, and signalled his intention to follow up a particular case privately with Dr Watt and Ms Mason.

### **Department of Human Services**

**4.42** Issues raised by members of the Committee and other senators in attendance included:

- Concerns about which committee the department and agencies appear before in estimates;
- Administrative and operational effects post portfolio restructure; and
- Comments made by Mr Alby Schultz MP about the Child Support Agency.

**4.43** Being the first time the new department has appeared at estimates, the Committee welcomed the department and congratulated Ms Patricia Scott on her appointment as Secretary. Ms Scott took the opportunity to make the following opening statement outlining the department's aims and role:

The Department of Human Services was established in October 2004 to ensure efficient and effective delivery of social and health related services, including financial assistance to the Australian community. The department brings together under one umbrella six diverse agencies, which collectively deliver payments and services worth over \$80 billion each year. The core department is small and strategic. Its role is to direct, coordinate and broker improvements to service delivery. The agencies deliver their services in line with their legislation and customer service charters. The six agencies are Centrelink, the Health Insurance Commission, the Child Support Agency, Health Services, CRS Australia and Australian Hearing.

The Department of Human Services aims to foster a new level of collaboration, recognising the individual characteristics of each agency and drawing on their collective expertise. Working with the agencies, the department can play a role to ensure that how a service is delivered is considered when new government policies are being planned. In this way, we seek to ensure that these services are delivered in an efficient, timely and sympathetic way. The Prime Minister has set out some early priorities for the department. They are to increase participation in the work force by improving the flow of clients from Centrelink to the Job Network, to have speedier referrals for injured workers to rehabilitation support and to further develop a client focused network across the government agencies.<sup>13</sup>

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*Administrative and operational effects post portfolio restructure*

**4.44** As part of the new administrative arrangements both the Child Support Agency and CRS Australia—formally stand alone agencies—have now been subsumed within the Department of Human Services as separate outputs. The Committee was informed that the day-to-day operations of both are not affected by this amalgamation and that the staffs from both now work within the Department of Human Services.

### **Centrelink**

**4.45** Issues raised by members of the Committee and other senators in attendance included:

- Administrative and operational changes following the portfolio shift;
- Customer services—CSO scripts; and
- Local liaison officers (LLOs).

**4.46** The Committee heard that there had been minimal changes as a result of the portfolio shift. Mr Jeff Whalan, Chief Executive Officer, said that perhaps the most significant change relates to purchaser-provider arrangements. Mr Whalan stated that:

The greater change has been created by the admin order changes with other departments ... our previous major policy purchaser was the Department of Family and Community Services. Under the new admin order changes, responsibility for participation has transferred to DEWR, so instead of being a smaller customer they are now a much larger customer. DEST now has responsibility for the Youth Allowance for our young people who are studying. It is those changes that have had a bigger impact, but there has been little impact at the moment.<sup>14</sup>

*Customer services—CSO script*

**4.47** As part of Centrelink's new mandate to increase the 'economic participation' of its customers—'lifting the number of referrals of people who approach Centrelink to the Job Network'<sup>15</sup>—customer service officers (CSO) have been provided with scripts to assist them in determining appropriate courses of support. For the benefit of senators in attendance, a copy of the script and guidelines were tabled.

**4.48** Senator Wong queried whether the script tabled was the only versions in use by CSOs post October 2004, given that the document tabled was inscribed 'V2' suggesting that this was a second version of the script. Mr Whalan stated that 'it was the only version issued nationally'.<sup>16</sup> However, Ms Carmel McGregor, General

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14 *Committee Hansard*, 15 February 2005, F&PA 112

15 *Committee Hansard*, 15 February 2005, F&PA 113

16 *Committee Hansard*, 15 February 2005, F&PA 115

Manager, Participation, said that Centrelink was aware that the Penrith customer service centre had, 'with the best of intentions',<sup>17</sup> developed its own methods for generating referrals. Officials said that when it came to their attention it was immediately withdrawn. Ms McGregor went on to say that:

We emphasised that that [the script] is the preferred set of words and that was because of the key messages at the time. Invariably, if a customer interjects I would suspect that we would respond to that. Our call centre network relies heavily on scripts, so this is not anything new. But it does allow for a bit of human intervention, too, if there is a good interaction going between the customer and the customer service officer. But the central messages are to be maintained.<sup>18</sup>

## Health Insurance Commission

**4.49** Issues raised by members of the Committee and other senators in attendance included:

- Changed administrative arrangements;
- Medicare enrolment file;
- Medicare rebate recovery program;
- Abortion clinics; and
- Charging practices of obstetricians.

**4.50** As with the new department and other agencies merged into the Finance and Administration portfolio, officials indicated that the HIC had not undergone any major changes as a result of the portfolio shift. To this end, Ms Catherine Argall, Managing Director, stated that:

Apart from the actual changes to the administrative arrangements orders, the nature of the functions of the Health Insurance Commission and our operations has not changed at all. Historically, we have had a very strong relationship with our key policy agency, the Department of Health and Ageing, and that very strong relationship is being maintained and developed further.<sup>19</sup>

### *Medicare enrolment file*

**4.51** The Committee heard that work was currently being done in relation to the Medicare enrolment file (database), to enable it to collect more information. Mr Louie Andreatta, Manager, Medicare and DVA, stated that:

...the new consumer directory, which has been under development for a number of years, will replace our existing enrolment file, which has some

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17 *Committee Hansard*, 15 February 2005, F&PA 115

18 *Committee Hansard*, 15 February 2005, F&PA 115

19 *Committee Hansard*, 15 February 2005, F&PA 120

deficiencies. At present it is not capable of being changed in a timely fashion. It is in old technology—20 years old, as was mentioned. We are now moving it onto a new IT platform which will allow us to capture more information onto that file, which will then allow us to deliver better services, make changes and introduce new initiatives in a more timely fashion.<sup>20</sup>

### *Medicare rebate recovery program*

**4.52** Senator Lyn Allison sought clarification over whether the HIC Medicare rebate recovery program had been suspended in relation to people who were victims of child physical and sexual abuse while they were wards of the state in Tasmania. Ms Argall said that the government is reviewing its policy in this area and that while the review is underway the HIC has suspended taking action in relation to recoveries. Ms Argall also indicated that the review was not expected to take a long time. As soon as the outcome of the review is known, the suspension will be lifted.<sup>21</sup>

### **Australian Hearing**

**4.53** Senator McLucas asked Australian Hearing to provide the Committee with a brief synopsis of the Voluntary Clinical Bonus Scheme, which has now been in operation for six months. Ms Anther Green, Managing Director, provided the following overview:

Australian Hearing has 80 per cent of its work in the private sector, where clients come and choose from amongst a whole range of providers. It is common practice across the whole private sector to offer the clinician a bonus payment, which we call a top-up, on the sale of a hearing aid. That means the government has a subsidised range of hearing aids, and if the client's needs are such that a more advanced form of technology is needed then it is common practice across the whole industry to offer clinicians some form of bonus on that sale.

There is currently a manpower shortage in Australia, and indeed almost across the world, in audiologists and without that payment we just cannot compete for salary recompense packages that would keep staff. Our arrangements are very stringent and they are very modest compared to the private sector. People do not get the payment until the client has kept the device for some considerable time and not returned it. In other words, it has been an appropriate device for their particular needs.<sup>22</sup>

### **Acknowledgements**

**4.54** The Committee expresses its appreciation of the service provided by the secretariat, broadcasting and transcription services provided by the Department of

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20 *Committee Hansard*, 15 February 2005, F&PA 121

21 *Committee Hansard*, 15 February 2005, F&PA 122

22 *Committee Hansard*, 15 February 2005, F&PA 126

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.

**4.55** The Committee also wishes to thank all ministers and departmental and agency officers for their assistance.

**Next hearings—Budget estimates 2005-06**

**4.56** By resolution of the Senate, the Committee is scheduled to consider the budget estimates for the 2005-06 financial year from Monday, 23 through Friday 27 May 2005.

**4.57** 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 Brett Mason**

**Chair**