

UNEDITED TRANSCRIPT

**THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS MET
IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON WEDNESDAY,
22 NOVEMBER 2000.**

AMBULANCE PRIVATE

CHAIRMAN (Mr Fletcher) - Can I note the presence of Mr Tony Ferrall, who will state his name fully and his roles and duties at a later stage. In welcoming Mr Ferrall here, I just want to put on the record that the interview will be recorded by Hansard and put on the record the facts leading to this situation. Mr David Watson, the proprietor of Ambulance Private made a complaint to both the GPOC Commissioner and to the Public Accounts Committee in a letter dated 4 June 2000 complaining about certain aspects of his allegations that there was unfair practice in competition between the Tasmanian Ambulance Service and his Ambulance Private business. The PAC, the Public Accounts Committee, met with Commissioner Andrew Reeve of the GPOC at an earlier time and after that meeting the Public Accounts Committee decided that we should defer further consideration of the issue until such time as the GPOC Commissioner had investigated and reported upon the situation.

I think it is now common knowledge that on the 6 November this year, GPOC reported on the matter and its findings have been fairly substantially covered in the press. To summarise the determination and recommendation, the Commission determines that the complaint is justified and recommends that the Director of Ambulance Services be directed by the Minister for Health and Human Services to firstly, apply the -

Mr WILKINSON - Neutrality principles.

CHAIRMAN - Yes, the competition neutrality principles to the patient transport services provided by the Tasmanian Ambulance Service, subject to the public benefit assessment required by the application statement. Secondly, to consider all issues prescribed in the application statement and the public benefit guidelines when conducting the public benefit assessment, in particular, the impact of the non-application of competitive neutrality principles on the state of the private market.

The minister has responded to that statement in a statement to the House of Assembly at an earlier time. At that time, the minister's office made contact with me as chairman of the Public Accounts Committee, saying they were prepared to brief me as an individual or the Public Accounts Committee as a group with regard to the minister's response. I think it is fair to say that the Public Accounts Committee has a range of concerns in relation to this matter. Part of the concerns are covered by the inquiry of the GPOC Commissioner, although the committee understands that the Commissioner is restricted in some way in jurisdiction with what he can consider in relation to these matters.

But there are other issues of the situation in which the Public Accounts Committee has a concern or an interest. We will not be pursuing those today. Our role today is to meet with Mr Ferrall to provide him with the opportunity to explain the minister's position in

UNEDITED TRANSCRIPT

relation to this GPOC Commissioner's report, to question Mr Ferrall about those matters and then to pursue further, if time permits and if Mr Ferrall agrees he has the expertise or the information with him, to further answer those questions.

I think that is a summary of where we are at at the moment. If Mr Ferrall is agreeable I'll ask the secretary of the committee to swear him in and then, Mr Ferrall, you might state your name and your position for the benefit of *Hansard*.

Mr TONY FERRALL, DIRECTOR OF FINANCE AND FACILITIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIRMAN - Thank you very much. Would you like the opportunity to present an explanation of the minister's position?

Mr FERRALL - I think the minister's position, or the Government's position, has been made reasonably clear. I would prefer it if there were specific questions relating to the position, that I answer those questions rather than making a statement up-front.

Mr WILKINSON - Can I ask you then, just to get the game going, the major findings of course were in relation to the competitive neutrality principles and the public benefit guidelines and the two major findings that GPOC came down with were, first, that DHHS didn't apply the competitive neutrality principles to Tas Ambulance Service patient transport services - and you've read reasoning no doubt for that. What do you say as result in rebuttal to you put your argument first, they came back and made that finding, and now's your chance to rebut that finding of the GPOC Commission.

Mr FERRALL - We believe, or the department believes, there are a number of areas where the commissioner has not taken into account all the evidence that was produced to him in relation to his determination and we believe that by not taking into account all of that evidence, it has produced a finding or a result which is inappropriate.

Mr WILKINSON - But you put all the evidence before him, so he had the evidence before him.

Mr FERRALL - Yes.

Mr WILKINSON - And there's no other evidence; with hindsight's 20-20 vision makes you say, look I should have put that before him?

Mr FERRALL - No, I think it is a question of taking account of that evidence and providing or taking account with appropriate weightings of the evidence that was put.

Mr WILKINSON - So when you say he didn't take into account all the evidence, can you specify which evidence you don't believe he took into account with his findings?

UNEDITED TRANSCRIPT

Mr FERRALL - The principal issue is that the decision in relation to non-urgent patient transport or the provision of non-urgent patient transport by Tas Ambulance to public hospitals, was a policy decision. In other word there was a policy decision that the non-urgent patient transport for public hospitals would be provided by the Tasmanian Ambulance Service. The National Competition Policy principles do not dictate government policy and there are a number of areas - and I can quote to you if you like - but there are a number of areas where it is made quite clear in the National Competition Policy documents that it is not about restricting government-making policy decisions. We believe that in relation to the policy decision, that he didn't give due weight to that particular aspect.

Mr WILKINSON - So do I take it that you say the National Competition Policy prior to the policy coming into place- that's the government policy - you're saying that the National Competition Policy wasn't really taken into account by the Government? Because it viewed it as it's irrelevant, because it's policy decision?

Mr FERRALL - That's correct, it was a policy decision.

Mr WILKINSON - So therefore, can I take the next step and say, you therefore believe the National Competition Policy and everything which supports that was irrelevant because it's a policy decision of government, therefore we can forget about National Competition Policy?

Mr FERRALL - That's correct. We believe it was an appropriate policy decision of government. I might give an example, if that's okay, which is different but provides that context. Government, in relation to the Retirements Benefit Fund, has made a policy decision that that particular activity is provided by government and this is, in a similar way, no different. It's a policy decision that the non-urgent patient transport is not outsourced and is provided by government department.

Mr WILKINSON - That argument I suppose was brought up and brought up quite strongly because it was the major thrust of your argument, wasn't it? Look, it's a policy decision therefore we're not covered by the policy - that is the principles - and that was put to the commissioner of GPOC and put quite strongly, I suggest, as the major plank or your argument.

Mr FERRALL - It was one of a number of areas that we highlighted to it.

Mr WILKINSON - Would it be fair to say it was the major one, though?

Mr FERRALL - I believe it was. I mean we didn't rank our arguments in terms of major to minor but it was certainly a significant component of our argument.

Mr WILKINSON - But in any argument you have your major ticket items, haven't you, and the ones that support it?

Mr FERRALL - Yes.

UNEDITED TRANSCRIPT

Mr WILKINSON - During the debate with him, are you able to inform us as to his views as to that argument?

Mr FERRALL - We didn't have a debate with the commissioner. We provided the commissioner with a written submission and he made his findings based on that written submission.

Mr WILKINSON - The other area, of course, was it stated that Department of Health and Human Services didn't undertake the required public benefit assessment as prescribed by the application statement and the public benefit guidelines and as a result, the DHHS couldn't justify its decisions not to apply the competitive neutrality principles to the Tasmanian Ambulance patient transport services. That was the other finding to be made?

Mr FERRALL - Yes, that's correct.

Mr WILKINSON - What are your comments in relation to that?

Mr FERRALL - That is the commissioner's findings. As I said we -

Mr WILKINSON - You no doubt disagree with them?

Mr FERRALL - We disagree.

Mr WILKINSON - And you disagree for what reason?

Mr FERRALL - We disagree because, as I said, it is a policy decision that was made as a government policy decision which National Competition Policy does not cover.

Mr WILKINSON - So again it's a government policy decision that you say is the major plank of the Government's argument?

CHAIRMAN - Mr Ferrall, is it fair then to say that the independent umpire, the GPOC commissioner, listened to your argument and rejected your argument?

Mr FERRALL - Well, that was his decision, yes.

CHAIRMAN - There is no thought that you weren't heard. You were heard, your evidence was strongly in the written form, but the commissioner rejected the proposition?

Mr FERRALL - And that's evidenced by his findings but I would have to state that we disagree with his finding.

CHAIRMAN - So isn't it then reasonable when we are trying to determine what the minister's reaction will be, despite what has been handed down in a ministerial statement, your response really is that this is government policy, it's none of your business.

Mr FERRALL - I don't believe that's the response that was made by the minister.

UNEDITED TRANSCRIPT

CHAIRMAN - But what other argument can there be? Your argument to our committee is that if it is government policy it overrides all else so why would you do anything but say to the commissioner, 'Your findings are flawed because you haven't taken account of the fact that this is government policy'?

Mr FERRALL - The position we've reached - and we haven't formally responded to the commissioner yet, you would be aware that there is a 30-day period prior to any response -

CHAIRMAN - Yes.

Mr FERRALL - the position of the department or the advice from the department will be that we respond to the commissioner that we believe he erred, however we will be undertaking the public benefits test as he has requested.

CHAIRMAN - And if the public benefit test shows that there should be a corporatisation model or a full cost attribution model applied to the service, will you proceed to do that?

Mr FERRALL - Well, I think it's premature to make any decision until that test has been completed.

CHAIRMAN - Surely there are only two things that the investigation, the public benefits test can do, it can find that it's in the public benefit or it's against the public benefit. If you find that it's in the public benefit to apply a corporatisation model or a full cost attribution, will your advice to the minister be that we should do that?

Mr FERRALL - We haven't reached that finding and I don't believe I can guess as to what the advice might be to the minister at some point in the future.

Mr CHEEK - How long do you think it might take to complete the public benefits test?

Mr FERRALL - I don't know yet. As you would probably be aware, there are detailed guidelines in terms of how to undertake the public benefits test. There are a series of steps and a series of areas that we need to work through.

Mrs JAMES - If they're not charging anything it must be public benefit.

Mr FERRALL - I'm not sure whether that's a statement or a question.

Mr CHEEK - So there's no deadline been set by you to complete that by the department?

Mr FERRALL - No. We will be completing it as soon as possible.

Mr WILKINSON - Do I take it, getting back to that first point, that really what you are saying is, 'GPOC just didn't have jurisdiction to look into the matter at all' because of this government policy that you're talking about?

Mr FERRALL - Yes.

UNEDITED TRANSCRIPT

CHAIRMAN - Do you accept that the Public Accounts Committee has jurisdiction to look into this matter?

Mr FERRALL - I certainly do, Mr Fletcher.

Mr CHEEK - It's a loaded question that one, Mr Chairman.

Laughter.

Mr WILKINSON - So therefore is it fair to say that in relation to the two major findings and the number of matters that were raised in the GPOC conclusion, you are saying - and I don't mean to be flippant - 'it makes good reason but you've got no jurisdiction so we don't have to take any notice of it'.

Mr FERRALL - Well, we do take notice of it and, as I said, the action we've taken does show that we do take notice of it; however we, I suppose, reserve the right to disagree with the finding.

Mr WILKINSON - Are you able to flag in any way where the Government is going from here - I know you have 30 days to make your reply and that expires on 6 December or thereabouts? The copy that I have here has 6 November. Would you be able to assist me when the time limit expires as to when the Government can reply?

Mr FERRALL - The Government, subject to the minister obviously - it's the minister's reply to the commissioner but we anticipate we will be replying within the 30 days.

Mr WILKINSON - And that expires when?

Mr FERRALL - That expires I think on 5 December. We received the advice, I think, on the 6th and 30 days is approximately the 5th. So we intend to provide a formal response to the commissioner within that time frame.

Mr WILKINSON - And what flows from there?

Mr FERRALL - I think the minister's position on it has been made clear in terms of public statements and I believe there are also statements in the House which he made in relation to the matter.

Mr WILKINSON - In short, the same argument as what you have put forward - no jurisdiction.

Mr FERRALL - In short, we have said that whilst we do not agree with the findings, we will be undertaking a public benefits test assessment with a view to establishing whether competitive neutrality principals apply to the non-urgent patient transport services provided by Tasmanian Ambulance Service in the south of the State, which is effectively what the Commissioner has recommended.

Mr WILKINSON - There is a fellow out there at the moment - David Watson - his evidence is that his business has fallen 60 per cent as a result of what has happened. Are you able

UNEDITED TRANSCRIPT

to say to him, 'Look, we will come back with a reply through the minister on 5 December. We will then look at the competitive neutrality principles. We will be able to advise you of our conclusion in relation to those by the end of January'. In other words, give him some certainty as to whether he is to keep his doors open or, alternatively, have to close them because of the loss of business as a result of what has happened.

Mr FERRALL - I think in relation to the time it will take to do the necessary public benefits test, I would have to take advice in terms of how much time some of those steps are going to take. I cannot advise the committee exactly how long that would be. There are a range of detailed steps, including consultation.

Mr WILKINSON - Would you accept that it is fairly urgent?

Mr FERRALL - Yes.

Mrs JAMES - If you were charging for these services would that not mean that your account section was just charging another party -

Mr FERRALL - It would. I think the charging issue or the internal charging issue needs to be separated out from this issue. If there is a policy decision from the Government that it will use an internal service or use its own department to provide a service, whether there is a charge or not makes no difference because all we would be doing would be charging ourselves.

Mrs JAMES - That's what I meant.

CHAIRMAN - I can't believe you say that, but there you go.

Mrs JAMES - It would make more work and more expense.

Mr RATTRAY - Mr Ferrall, the working of the private system and your own system within the system, is it compatible in what you are doing at this stage with Mr Watson doing some work and yourselves doing this other? What effects, overall, does his implications coming into the system have on the service delivered to the patient?

Mr FERRALL - I am not sure what your question means - if you could just expand slightly on that. I obviously can't answer anything in terms of the clinical effect et cetera. It's not my ground of expertise.

Mr RATTRAY - What I was getting at was if there was no other competitors beside yourselves, you can handle that at the same costs as what the patient is now getting with this new system - with the two, since you've had competition in the system?

Mr FERRALL - The pricing between - I'll make a statement so I clarify your question. I assume you are talking about areas where the department provides non-urgent patient transport for private hospitals or private institutions.

Mr RATTRAY - Yes.

UNEDITED TRANSCRIPT

Mr FERRALL - I don't have the full details but my recollection is that the pricing between Ambulance Private and the department is not equivalent but commensurate and so there are some areas that are slightly above and some areas that are slightly below, but they are roughly equivalent. If the committee wishes I can get details of those.

Mr RATTRAY - I thought that might have been one of the problems, that there was too much difference between the pricing of one to the other. If that's still the case, that's what I was looking for.

Mrs JAMES - Is there room for both services co-existing?

Mr FERRALL - That's a matter of a commercial judgment for people to make. Clearly there is a component of government business which is unavailable and whether the extent of private business which is available is adequate to support the business, is a judgment that only the proprietor can make.

CHAIRMAN - For the record, could I start to build a time-line, with your cooperation, of the emergence of events in relation to this situation? Can you inform me when the initial application for a licence to operate a private ambulance service was lodged with the agency?

Mr FERRALL - I have some details on the chronology of events and this has been prepared by some people within the Tasmanian Ambulance Service so I can certainly provide you with those dates.

CHAIRMAN - I'd appreciate the line of - why not table that?

Mr FERRALL - I would prefer not to table it but it really is simply a chronology of events. It is quite detailed.

CHAIRMAN - Okay. I think that would be beneficial.

Mr FERRALL - The first discussion on the proposal for a licence under the Ambulance Service Act was held on 14 December 1993.

CHAIRMAN - What was the structure at that time in relation to a consideration of that issue? For instance, who was the Director of Ambulance Services, who had the ultimate responsibility for signing and approving the licence application, who would the application have been made to?

Mr FERRALL - I believe the Director of Ambulance Services at the time was Marita Hargreaves.

Mrs JAMES - He obtained consent from the Director of Ambulance Services in June 1998, according to this document.

CHAIRMAN - So an application was made to the Director of Ambulance Services, Ms Hargreaves in December 1993.

UNEDITED TRANSCRIPT

Mr FERRALL - That was a discussion; the private ambulance group provided a written submission on 22 February 1994.

CHAIRMAN - Requesting a licence?

Mr FERRALL - I've got here it is a written proposal. I presume that that meant a request for a licence.

CHAIRMAN - Who was that written proposal addressed to? What I am trying to determine here is who decided at that stage in 1993 whether or not there would be a licence issued for the carrying out of a private ambulance service; with whom did that responsibility rest?

Mr FERRALL - The Director of Ambulance Service.

CHAIRMAN - At that stage the Director of Ambulance Service was both the provider of a service and the regulator of the industry?

Mr FERRALL - The split between the regulation and provider occurred somewhat later and I think it's actually referred to in the Commissioner's findings -

CHAIRMAN - I am just wanting to build this step by step along the way. But at that stage, in those initial inquiries and the initial application, there was an application to the one person who - to go to the heart of the matter - was the Director of Ambulance Services, and those negotiations then went on for a period of some years, I understand. Can you tell me how many years transpired before an application or a licence was approved?

Mr FERRALL - I'm just finding the date.

Mrs JAMES - It's a legal agreement - 1998, I think.

CHAIRMAN - Would it be fair to say four or five years - a long period went by before -

Mr FERRALL - It was approximately five years; I am just finding the exact date when the licence was issued.

Mrs JAMES - It commenced business in June 1998, or after obtaining a consent in June 1998.

Mr WILKINSON - If I can assist. Reading the documentation, it would seem that it was agreed but he didn't wish to take up the offer at first; he was working part-time - that's Mr Watson - with the Tas Ambulance Service and also working in the private field and then, as stated, it would seem there was the agreement entered into and he worked full-time from round about 1998. Is that a fair summary? Does that assist?

Mr FERRALL - I was just trying to find the exact date of the licence but it is approximately May 1998.

CHAIRMAN - Who was the Director of Ambulance Services in May 1998?

UNEDITED TRANSCRIPT

Mr FERRALL - I don't have that here.

Mrs JAMES - A woman - I think it was Marianne Hardwood.

Mr WILKINSON - Hargreaves or Mr Lennox -

Mrs JAMES - No, it was a woman.

Mr FERRALL - I don't believe that's correct, I've actually got it in the documentation here.

CHAIRMAN - We'd better either swear you in, Mrs James, or leave it up to the Director of Financial Resources to answer the questions.

Mrs JAMES - I have a recollection of meeting her then, in an official capacity.

Mr WILKINSON - Hopefully not in the back of an ambulance.

Mrs JAMES - No, with the extensions to the Launceston Ambulance Stations, as a matter of fact.

CHAIRMAN - I wonder would you inform the committee of the Director of Ambulance Services in May 1998 when the initial licence was granted?

Mr FERRALL - I'm just confirming it.

CHAIRMAN - Mr Ferrall, can I ask you to mount an argument as to why you shouldn't table the paper which you state to be a chronological list of events?

Mr FERRALL - It is effectively, simply, working notes to assist me through this inquiry.

CHAIRMAN - Well, if it assists you through this inquiry, wouldn't it equally assist the committee? It seems to me that you are prepared to read out all the details and place it on the record; rather than go through that convoluted process of drawing teeth and asking questions until the cows come home to get all the information, it would seem to be a matter of cooperation just to table a document.

Mr FERRALL - If the committee would like a chronology of events that can be provided; this particular document is simply a working document for me to assist in the inquiry.

CHAIRMAN - So do we conclude from that that you have information there that you want to know but you don't want us to know?

Mr FERRALL - No, that's not correct and I think that's trying to read something into it which is incorrect.

CHAIRMAN - I'm trying to understand why a reasonable man wouldn't table a document.

UNEDITED TRANSCRIPT

Mr FERRALL - Would you table your questions?

CHAIRMAN - Yes, I certainly would.

Mr FERRALL - Then can I have them?

CHAIRMAN - Yes, if I can find them. I have been responding to yours but I will swap you papers. There are my briefing notes, let's see yours.

Mr CHEEK - You show me yours and I'll show you mine. Am I allowed to give them to him, Mr Chairman, before I have them in my hand.

CHAIRMAN - I think we have a deal going.

Mr FERRALL - No, as I said, I'm not here to do deals, I'll reserve the right to provide a full chronology of events. These are briefing notes provided to me to assist.

CHAIRMAN - You'd better pass my papers back, I've got some very secret things in there.

Laughter.

Mr WILKINSON - Can I just ask again: getting back to the actual findings of the commissioner, forgetting about jurisdiction, because that to me seems the major argument that you're hanging your hat on - you've got no jurisdiction in this, government policy, therefore what you're saying in here may well be correct but we disagree with it because there's no jurisdiction. Can I understand from you, and I'm probably going too far, but are you saying you accept everything that is stated in this document by the commissioner in relation to a number of matters he raises but you're saying, 'I agree with everything that's in here but you've got no jurisdiction therefore we can't agree with the ultimate findings'.

Mr FERRALL - No. There are a number of other areas where there are some differences in view as to interpretation.

Mr WILKINSON - Can you lead me to those, please?

Mr FERRALL - I mean, effectively, it comes to the question of whether there is a business activity in the first place and we would contend that there isn't a significant business activity -

CHAIRMAN - Contrary to the commissioner's finding.

Mr FERRALL - Correct.

Mr WILKINSON - And your contention would be the same as in your documents that you forwarded to the commissioner?

Mr FERRALL - Yes.

UNEDITED TRANSCRIPT

Mr WILKINSON - So it is the same argument, nothing new?

Mr FERRALL - No, there's nothing new there; there are no other points there.

Mr WILKINSON - Is that the only -

Mr FERRALL - I think - and it might be worth putting on the record - that under National Competition Policy or the principles' agreement doesn't provide a formal definition of the term 'significant' so it is a matter of interpretation as to what is significant, and there is no single criteria that government uses in assessing whether a business activity is significant or not. So there is a range of criteria which are taken into account and I think some of those which need to be put on the record include the business' actual size, the contribution to local, state and national economy, the (inaudible) , the commands and the effects of any poor performance. And in the context of the non-urgent patient transport in the south of the State, we are talking about two-patient transfer port officers and two dedicated vehicles and a first-year budget allocation of \$118 000. In terms of significance, in terms of National Competition Policy, we would contend, or it's arguable, that that is not significant in a National Competition Policy context.

Mr WILKINSON - But the commissioner made a point by saying that the relevant factor when determining the significance of a GBA is the effect of the activity on the relevant market and consider the impact of the activities on the relevant market or across the State governments generally is a more appropriate indicator. Then he went on, and importantly, was stating that DHHS should have considered the impact on the actual and potential market. The actual market is the patient transport service market in the south of the State which Ambulance Private is operating.

Mr FERRALL - In relation to the question of significance, there are a number of guidelines that have been put out by the Department of Treasury and Finance over a number of years. As I said, in the original agreement there isn't a definition of 'significant' and the comment that the commissioner has made is one part of quite a large volume of work, so it's not reading it in totality, it's reading one part of guidance releases that have been put out.

Mr WILKINSON - Reading his report he would seem to have amplified that as being a major factor to take into account your SBA. Do you agree with that?

Mr FERRALL - He said that was a major factor; in fact his determination is a matter of record.

Mrs JAMES - When will the consultant report on the cost - the TA's cost?

Mr FERRALL - I might again clarify for the committee, if that is all right - there is a report that we commissioned some time ago now in relation to establishing whether the costs of the patient transport reflected full cost attribution principles and we've had an external consultant looking at that. We anticipate we should have that report within about the next fortnight.

UNEDITED TRANSCRIPT

Mr WILKINSON - Do you agree with me that it would be unfair to, for want of another phrase, starve the opposition into submission. In other words, by delay, more delay and more delay, that would be totally unfair on the opposition - that is the opposition in this matter, Mr Watson.

Mr FERRALL - There isn't an opposition. As I said it's a -

Mr WILKINSON - The opposition to Tasmanian Ambulance Service and private patient transport obviously down here, is Mr Watson.

Mr FERRALL - We're not in competition with Mr Watson in relation to the provision of non-urgent patient transport for public hospitals.

Mr WILKINSON - He's the only other player in the field though, isn't he, in the south of the State?

Mr FERRALL - We're not in competition because it's a policy decision that he's not used.

Mr WILKINSON - I hear what you say but the only other person doing the same work is Mr Watson?

Mr FERRALL - As I understand it.

Mr WILKINSON - Yes, and as a result of the findings of the Commissioner, and as a result of the knowledge that you have - from what the Commissioner says and what was put forward in Mr Watson's application - that his business has suffered to an extent of 60 per cent as a result of what's occurred since July of this year, do you agree that it would be unfair to endeavour to stall the matter and delay the matter because that stalling could mean that he goes out of business when he may not have to go out of business?

Mr FERRALL - If you're implying that there's some intention of the department to stall -

Mr WILKINSON - No, I'm not at all, no.

Mr FERRALL - There is no intention of the department to stall and we are taking the actions that were outlined and we'll be doing that as soon as possible.

Mr WILKINSON - I'm not trying to say that it's an intention to stall and starve him into submission, what I'm endeavouring to say is there is a real degree of urgency in it, it would seem to me, applying what could only be classed as a fairness test because you have a person out there that is obviously very reliant, one way or another, on what way he'll go to the final outcome and that concerns us.

Mr FERRALL - I think it's in everybody's interest for this matter to be dealt with as quickly as possible.

CHAIRMAN - Mr Ferrall, a number of my questions relate to the chronological development of events. I feel unable to proceed in relation to some of those issues because I think the sequence is important so we might have to proceed to a second engagement in relation to

UNEDITED TRANSCRIPT

this matter. Can I ask you: how many private ambulance services are there operating in Tasmania? Do you have that information?

Mr FERRALL - I don't have that information. Some of the information you're requesting it may be appropriate to ask other members of the department in terms of ambulance service. Quite obviously Dr John Mulligan has significant knowledge in that area. I don't have the details of the other service providers.

CHAIRMAN - The Director of Ambulance Services at this time is?

Mr FERRALL - John Ramsay.

CHAIRMAN - And he delegates authority?

Mr FERRALL - He maintains the statutory office of director in terms of the day to day operations of the Tasmanian Ambulance Service. They are within the hospital and ambulance service division and John Mulligan is the director of that division.

Mr CHEEK - Excuse me, Mr Chairman, I have to withdraw at this particular time. Sorry.

CHAIRMAN - Okay. The policy not to charge public hospitals for non-emergency transfer services has been a fact of life forever, or has there been a change of policy in more recent times?

Mr FERRALL - The issue is actually broader than simply the charging of public hospitals for the provision of service. The changing policy in relation to internal charging came about after reviewing, the funding review effectively, of the department. There are a number of areas where there were internal charges occurring which had the effect of distorting the financial statements of the department and we were getting - by way of example, you were finding revenue was inflated yet it wasn't true revenue because it was simply an expense in another area of the department.

In circumstances where you have a proper business unit, that is appropriate, but in circumstances where you have one government department, internal charging between various areas within the department - and when you look at ambulance service it was going within the same division - hospital ambulance service is one division - it was an internal charge within a division, within a department, and it effectively meant that we were showing expenditure and revenue and grossing both sides up effectively which was creating some difficulty in terms of management because you'd have revenue identified in ambulance service which wasn't true revenue. It was really just an internal charge against the public hospitals, and so it created some difficulties. That wasn't the only area, there are a number of other areas across the department and as a management or a policy decision we said we were not going to continue with internal charging.

CHAIRMAN - But following sound principles of public accounting, you would have to agree that the true identification of costs associated with a business operation and the openness and transparency of those costs is fairly fundamental?

Mr FERRALL - Yes.

UNEDITED TRANSCRIPT

CHAIRMAN - How are the costs associated with the operation of the ambulance service identified now?

Mr FERRALL - The costs are identified. The ambulance service is identified as a separate output and the costs of that activity are identified in accordance with the current output methodology, but what -

CHAIRMAN - But there is a true cost to the hospital service - the public hospital service - of transferring patients, how is that identified?

Mr FERRALL - Well, there are a number of other internal costs as well that you could say aren't identified. I mean, you don't charge for a whole lot of services within the hospital and you could say, 'Well, why don't you pick those up?' We identify the full costs of the service through the outputs and that's provided and disclosed in the budget papers -

Mrs JAMES - But no separate accounts.

Mr FERRALL - Well, they aren't separate accounts but if you raise internal charging within a government department on that basis, you end up actually distorting it, because what you do is gross up your outputs, both in revenue and expenditure terms, and you provide or give the impression that there is a greater level of activity than there really is.

CHAIRMAN - Are there any further questions? It is just about time we thanked Mr Ferrall for his time - Mr Ferrall, can I say just way of a conclusion, if there are not other matters, that you have agreed to provide us with a chronological list of events associated with the Tas Ambulance Service consideration of and issuing of licences and the emergence of this complaint by Ambulance Private; you have agreed to provide us with details of the cost of providing services by both the private ambulance service and Tas Ambulance Service for the non-emergency transfer of patients in private institutions; you have agreed - well, I am not sure you have agreed - but I'm asking you to provide information of how many private ambulance services there are licensed and operating in Tasmania.

And I think in conclusion, unless you mount an argument to the contrary, I've got to conclude that your papers are containing information which is detrimental to your case and you don't want the committee to know about and I give you an opportunity to counter that argument.

Mr FERRALL - That is actually an incorrect conclusion or assumption. The chronology of events that I have available includes reference to cabinet documents and cabinet decisions, which I don't believe is appropriate to put on the table in this forum. I'm quite happy to provide a full detail of the total chronology of events going back to 1993 but I don't believe it's appropriate to provide details of what were deliberations and considerations of the current Government and the previous Government in relation to this matter. There are comments in these papers which I don't believe are appropriate to put on the table because they are related to cabinet decisions of the previous Government as well as this Government.

UNEDITED TRANSCRIPT

CHAIRMAN - But given that your argument is based on the fact that government policy overrides all, then isn't it relevant for the committee to understand the policy decisions made by cabinet that lead you to that conclusion - that that is the heart of your defence.

Mr FERRALL - It's relevant to know what the policy decision of cabinet was and, as you would be aware, it's not relevant to know what the deliberations of cabinet were in leading to that policy decision.

CHAIRMAN - I accept that, I don't have an argument about that. The pros and cons of the argument are listed in your paper?

Mr FERRALL - And, as I said, there are some issues relating to the previous Government and the current Government and I don't believe it's appropriate for it to be tabled. I am happy to provide you with the full chronology of events and when the decisions were made.

CHAIRMAN - Thank you for your presence and for your cooperation with the committee. If there are no other questions -

Mr RATTRAY - I was going to say, Mr Chairman, that Mr Ferrall, when he was explaining the situation in regard to the internal funding, they are the transfers that are transferred between one section to the other, when you are moving finance around. That is what I take it you were saying?

Mr FERRALL - Yes.

CHAIRMAN - Thanks very much.

THE WITNESS WITHDREW.