

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Human Services and agencies

Budget Estimates 2005-2006, 26 May 2005

Question: HS59

Outcome 1, Output Group 1.1

Topic: Health Insurance Commission – Efficiency dividend

Hansard Page/Written Question on Notice: Written

SENATOR CARR asked:

1. What financial impact will the increased efficiency dividend have on your department/agency this financial year and in the out years?
2. The increase in the efficiency dividend was announced in last year's elections, what plans have you made to meet it?
3. What will this mean for staff numbers?
4. Will any specific programs be cut? Please specify which ones and the size of the estimated savings?
5. Will any core functions be affected by these savings measures?
6. How will meeting the efficiency dividend affect your graduate recruitment plans?
7. How will meeting the efficiency dividend affect your ability to retain experienced staff?

Answer:

1. The increased efficiency dividend will reduce the HIC's revenue as follows:

2005-06	\$1.344m
2006-07	\$2.736m
2007-08	\$4.174m
2008-09	\$4.276m
2. Each year there are a range of adjustments to the HIC's revenue reflecting factors such as changes in the volumes of Medicare or Pharmaceutical Benefits Scheme transactions processed, savings and efficiency dividends and new or lapsing government measures.
3. Within the context of these adjustments, the increased efficiency dividend has a relatively minor impact. The HIC plans to manage the increased efficiency dividend in the context of its overall budget management strategy which is to continually review all activities and ensure that available funding is directed to priority areas and activities.

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4. Each year, the HIC's staffing numbers fluctuate to take account of new or lapsing budget measures. By itself, the efficiency dividend would not have an impact on staffing levels which approximate to 5,000 at any one time.
5. No programs will be cut as a result of the efficiency dividend.
6. No core functions will be cut as a result of the efficiency dividend.
7. The HIC's graduate recruitment plans will not be affected by the efficiency dividend.
8. The HIC's ability to retain experienced staff will not be affected by the efficiency dividend.