

Senate Finance and Public Administration Standing Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES – 28 May 2009

Human Services Portfolio

Department/Agency: Medicare Australia
Outcome/Output Group: Outcome1/Output Group 1
Topic: Supplier costs and staffing levels

Senator: Scullion
Question reference number: HS14a-b
Type of question: Hansard F&PA 102-103, 28 May 2009
Date set by the committee for the return of the answer: 10 July 2009

HS14a: Senator SCULLION—On page 105 there is a statement which says that supplier costs will rise by \$44 million. Would you be able to advise us what those supplier costs are?

Ms Godwin—Is this under the ‘Expenses’ heading? I am not sure I can attest to every one of them. I might ask whether the CFO can assist.

Senator SCULLION—If you can take that on notice. Under ‘Supply’ I just wonder what the particular costs are in regard to.

HS14b: Senator SCULLION— It just seems that there is an awful lot more tasking that has come to Medicare. Some of it appears to be funded, some of it appears to be new work which perhaps you have not done before. Notwithstanding your initial comments that there are probably not that many spare shirts but there will be some, how will you deal with the fact that there will be fewer staff—I think you will acknowledge that—and effectively some more work, notwithstanding the funded policies?

Ms Godwin—I probably need to clarify. I cannot speculate at this point whether there will be fewer staff across the year. There may be but there may not be. Certainly, during 2008–09 our staffing predictions have moved around a lot and we have ended up at the end of the year at a higher number than was predicted at this time last year. I do not know whether there will be fewer at all. I do believe the additional work that is coming in is appropriately costed and funded and that, across the organisation, there is an appropriate balance between new work coming in and resourcing and other areas where workload is reducing, so that that sort of balances across the organisation.

Senator SCULLION—It will be interesting to see perhaps at the next set of estimates how we are going with that and I will come back to that. So perhaps you can take it on notice. I know it is difficult as we go along but it is very difficult for us to look at a number that says, ‘You will be 138 less’—and that is what it says—and to have an appreciation of the amount of work you have and this apparent shortfall in staff, but we will keep a watching eye on it.

Answer

HS14a: Supplier costs essentially include the majority of costs involved in running Medicare Australia with the exception of employment related costs and asset charges. The major supplier costs are payments to outsourced providers for infrastructure and communications, printing and postage costs and rental costs for the Medicare Australia shopfronts and office accommodation.

HS14b: The 138 is a net reduction in ASL. The budgeted ASL has increased as a result of the new measures listed in the Portfolio budget statements and for expected increases in the volumes of transactions to be processed by Medicare Australia during 2009–10. It has been reduced to take account of lapsing and savings measures, reductions in contracted activity and a greater take-up of electronic claiming channels.

The average staffing level (ASL) is a measure of funded work and positions at a point in time. The forecast ASL will change during the year in the event that Medicare Australia is requested to undertake additional activities. For example, Medicare Australia is finalising an agreement with the Department of Environment, Water, Heritage and the Arts to assume responsibility for payment of rebates under the Homeowner Insulation Program and the Low Emission Assistance Plan for Renters, which will see an increase in budgeted ASL numbers.