

Senate Standing Committee on Finance and Public Administration

BUDGET ESTIMATES – 27 MAY 2010 ANSWER TO QUESTION ON NOTICE

Human Services Portfolio

Topic: Costings – Home Insulation Program

Question reference number: HS30a and 30b

Senator: FIERRANVANTI-WELLS

Type of question: Hansard F&PA page 122

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Number of pages: 4

Question:

- a) **Ms O'Brien**—The procedures are similar for when we design and cost any new piece of work that we are asked to perform. What typically happens is that we are approached by the policy agency, who would give us some policy outcomes they are looking to deliver. They might talk to us about the types of delivery mechanisms they would like and we would talk about the assumptions: the types of customers, the number of transactions et cetera. We would then work to design what that solution might look like. It might involve the development of an information technology system; it might involve us talking about how much time our staff out in the network might require to undertake particular transactions. We design what this service model will look like and then we go through a process to cost how much it will be to build and implement that service model. A similar approach was adopted for work on the insulation program.

Senator FIERRAVANTI-WELLS—When did that first start?

Ms Briggs—We will get you a date for that on notice, as I promised for the other initiatives.

Senator FIERRAVANTI-WELLS—Could you also give me the assumptions underlying the costings that you first provided to, I assume, the department of the environment or whatever iteration they were. That is where the request came from for the costings for the program?

Ms Briggs—Yes.

Senator FIERRAVANTI-WELLS—Okay. Not Prime Minister and Cabinet?

Ms Briggs—Not to my knowledge.

Senator FIERRAVANTI-WELLS—Have you had any involvement with Prime Minister and Cabinet in relation to this?

Ms Briggs—I have not personally, no.

- b) **Senator FIERRAVANTI-WELLS**—Can you take on notice the involvement of Prime Minister and Cabinet or any other department in relation to assumptions pertaining to this project.

Ms Briggs—Yes.

Answer:

- a) Medicare Australia, the Department of the Environment, Water, Heritage and the Arts (DEWHA), the Department of the Prime Minister and Cabinet (PM&C), the Department of Human Services (DHS) and Centrelink attended the initial meeting on 6 April 2009.

The meeting was held to discuss leveraging the service capability and experience that Medicare Australia (and other DHS agencies) could provide in implementing the Home Insulation Program.

- b) Medicare Australia based its costings on assumptions developed with the DEWHA (refer Attachment A). PM&C did not work with Medicare Australia in relation to any assumptions for this project. Medicare Australia worked with the DEWHA in respect of the assumptions pertaining to this project.

Assumptions/Caveats/Exclusions:

- a) The number of businesses/installers to be registered is 30,000 approximately (this should be revised within the first 12 months).
- b) Only registered businesses/installers will be sent an information pack (max 30,000).
- c) Mailing of information packs will be daily in the first eight weeks.
- d) Approximately 90,000 claims per month to be processed. (Potential peaks of 150,000 claims per month).
- e) Medicare Australia assumes there are 2.2 million owner occupiers and 700,000 tenanted properties.
- f) The design of the Information Pack materials is the responsibility of DEWHA.
- g) The collation and distribution of Information Packs to Registered Providers (approximately 30,000 is the responsibility of Medicare Australia).
- h) An installer may work for more than one company.
- i) DEWHA will manage all program compliance.
- j) Medicare Australia will only have a relationship with the Registered Provider registered in the HIP/LEAPR program registered with Medicare Australia.
- k) Medicare Australia does not have a role in the existing program (early installation) or its customers.
- l) Cost of insulation removal is not covered by this program.
- m) Medicare Australia will not collect and/or store work order forms. These forms are to be retained by business/installer for audit purposes.
- n) Online registration and claim form developed by Medicare Australia in consultation with DEWHA.
- o) Online registration, online forms, and claims system will operate on low band width.
- p) Medicare Australia will advise DEWHA either via email or telephone where the system may be disrupted (e.g. preventing payment or processing).
- q) DEWHA will manage the website for public and DEWHA help desk.
- r) Medicare Australia will provide Work Order Pads in packs of 40. 30,000 Work Order Pads will be printed each financial year, commencing 2008-09.
- s) Medicare Australia will be printing a total of 4.8 million Work Order Forms, 120,000 Work Order Pads over the life of the program.

- t) Medicare Australia will have payment drawing rights in place by 30 June 2009.
- u) Medicare Australia will have the appropriate authority from government to administer this program on behalf of DEWHA by 30 June 2009.
- v) Medicare Australia will have a service Arrangement in place with DEWHA by 30 May 2009.
- w) Medicare Australia and DEWHA will have agreed to the provision of administered funds for Medicare Australia to make payments to Registered Providers
- x) This costing includes flexibility within the payment system to include future potential rural or other payments based on information provided by DEWHA. Further information is still required and may require re-costing at a later date.
- y) GST arrangements to be advised from DEWHA. This costing is based on no GST. If GST applies a new costing/requirement will be provided.
- z) Any requests from business/installers for a duplicate payment statement will be provided to the business/installer via email.
- aa) This costing is based on three per cent of total registration and claims via a manual registration and claiming process, where a business/installer has no Online access. If the actual is in excess of this DEWHA may need to consider its policy position and cost implications.