

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Human Services and agencies

Supplementary Budget Estimates 2005-2006, 1 November 2005

Question: HS58

Outcome 1, Output Group 1.1

Topic: STAFFING

Written Question on Notice:

SENATOR EVANS asked the Minister for Human Services, upon written notice:

1. I note that in the Budget the MEDICARE AUSTRALIA was allocated 100 fewer staff than last year. What is the reason for the budget cuts to the MEDICARE AUSTRALIA?
2. Is it the case that the Managing Director told staff in an email that the repercussions would go beyond temporary staff and natural attrition?
3. What is the scope of the restructure taking place in MEDICARE AUSTRALIA?
4. Are the cuts currently taking place limited to 400 or could they be greater?
5. Is it true that eleven branch heads in MEDICARE AUSTRALIA have been told that they are to go?
6. With how many staff have consultations begun on separation, under the terms of the MEDICARE AUSTRALIA Certified Agreement?
7. Will there be cuts in regional offices or are the cuts limited to the Canberra headquarters?
8. Had there been a previous promise by management to MEDICARE AUSTRALIA staff that there would be no mass sackings?
9. Can you tell us what is referred to in the MEDICARE AUSTRALIA as the "talent pool?"
10. How many staff are currently designated in the "talent pool?"
11. Do you envisage this number will increase during the restructure?
12. Was there a failure of budget management and oversight of the executive by the MEDICARE AUSTRALIA board?
13. Can you guarantee the staff cuts will not impact on customer service?
14. MEDICARE AUSTRALIA Online says that by 2005 MEDICARE AUSTRALIA expects to be receiving 60% of its patient claims and 83% of bulk bill claims via electronic means. Is that on track?

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Human Services and agencies

Supplementary Budget Estimates 2005-2006, 1 November 2005

15. It goes on to say that by 2010 100% of claims are expected to be lodged electronically. What will be the expected impact on staffing if this target is achieved?

MR HOCKEY - The answer to the honourable member's question is as follows:

1. This is attributable to the flow on effect of projects initiated in 2003-04 which were not completed until 2004/05 (unearned revenue). The net result is that the number of ASL in 2004-05 was higher than the number of ASL anticipated in 2005-06 due to this project expenditure.

The change in ASL is also due, to a lesser extent, to a number of new policies being implemented from 2005-06 onwards. These policies will lead to a decrease in the number of transactions anticipated, and therefore a reduction in processing work.

The overall reduction in ASL correlates with the reduction in revenue between 2004-05 and 2005-06.

2. The Chief Executive Officer (CEO) has communicated to staff on a number of occasions on this issue. For example, on 21 July, the CEO advised that there may be a relatively small number of permanent staff in positions that could no longer be funded but that in managing this, the first priority would be to redeploy these staff within the organisation.

In subsequent messages from the CEO and Acting CEO it was noted that some ongoing staff would be in positions that would be abolished and attempts would be made to redeploy them. It was also noted that redundancies were possible.

In the CEO's message to all staff on this topic on 1 November 2005, she advised that at the end of the current financial year there would be 365 fewer people (employees and contractors) than there were in April 2005. This was subsequently revised to 333 positions. There had been as of the end of December, a reduction of 303 positions.

3. The restructure is limited to the National Office of Medicare Australia and is designed to ensure that Medicare Australia is well placed to meet future challenges and the changing needs of its customers and to contribute to improvements in customer service while managing within its budget.
4. Over the 2004-05 financial year, Medicare Australia had, on average, 1665 funded, full time equivalent positions in National Office. As advised by the CEO on 1 November to all staff, as of the end of the current financial year, there would be 1300 funded, FTE positions in National Office. This was subsequently revised to 1322 positions. This means that the reduction in positions in National Office will be around 333.
5. No. Six branch heads and one division head no longer had positions as a result of the restructure. Of these, two secured transfers to other APS agencies, and the remainder accepted voluntary redundancies from Medicare Australia.

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Human Services and agencies

Supplementary Budget Estimates 2005-2006, 1 November 2005

6. As of 31 December 2005, seven SES and 29 non-SES employees have accepted voluntary redundancies. Discussions have commenced with a number of other staff regarding internal redeployment processes. We expect there to be further staff in National Office accepting voluntary redundancies in coming months.
7. The restructure and associated staffing implications are limited to National Office. The staffing levels within State offices are routinely adjusted to take account of new or lapsing business activity.
8. No. Management has kept staff fully informed on changes to staffing profiles. As far back as 2000, the then Managing Director advised staff that 800-1000 positions could be lost as a result of the reduced resourcing required following investments in infrastructure.
9. The talent pool is used within Medicare Australia as the means for redeploying non SES National Office Staff. Staff who have been identified as surplus to the needs of their own Division are placed in the pool and are given priority consideration for vacant positions at their level within National Office. While in the pool, they continue to be funded by, and do work for, their parent division.
10. As of 31 December 2005 there were 20 individuals within the Talent Pool.
11. The number will vary on a weekly basis, depending on people moving into the Talent Pool as further reductions take place, and people moving out of the pool as a result of redeployment and redundancy.
12. No.
13. Medicare Australia is continuing to build its capabilities around customer service and is continuing to invest in its traditional business – the Medicare network, payment processing and State Office infrastructure.
In the last twelve months the Government has expanded Medicare services by opening eight new Medicare Offices, introducing Saturday trading in more than half of the Medicare Offices and extending week day trading hours in 54 offices.
14. In 2001 Medicare Australia commenced the development of a new online claiming channel using internet technology. It was anticipated that a significant proportion of Medicare claims would be received via this new channel. These rates have not been achieved.
15. Refer to Question 14.