

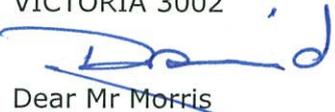


Minister for Health

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Mr David Morris MP
Chair
Public Accounts and Estimates Committee
Level 3, 55 St Andrews Place
East Melbourne
VICTORIA 3002


Dear Mr Morris

I am writing regarding your letter, dated 20 June 2013, requesting a response to Questions on Notice arising from the 2013-14 Budget Estimates into the Health portfolio.

I am pleased to provide you with my responses to the Questions on Notice identified in your letter.

Please do not hesitate to contact Mr Greg Stenton, Chief Finance Officer, on 9096 1415 for clarification and any other matters regarding the attached response.

Yours sincerely



Hon David Davis MP
Minister for Health

17/7/2013

ATTACHMENT: QUESTIONS TAKEN ON NOTICE AND FURTHER INFORMATION AGREED TO BE SUPPLIED AT THE HEARINGS

EMAIL: RCYD PAGE 12/07/2013

AGEING PORTFOLIO

No questions were taken on notice for this portfolio.

HEALTH PORTFOLIO

1. Budget Paper No.3 p.119 lists five factors contributing to the change in the Department's budget in 2013-14 in comparison with 2012-13. Please provide a break-down of the change in output funding arising from each of these elements identified in the budget papers:

Factor	Net dollar impact
Budget Movement	
funding provided for government policy commitments including the full-year effect of initiative funding announced in previous years budgets	\$228.5 million
output price increases arising from price escalation for anticipated cost increases	\$272.7 million
output price increases for depreciation and capital asset charge costs associated with the approved asset investment program for 2013-14	\$103.3 million
other output price increases	\$56.8 million
Total	\$661.3 million
Funding Sources	
increases in Commonwealth funds	\$236.4 million
increases in anticipated State income from sales of goods and services	\$25.5 million
increases in State funds	\$399.4 million
Total	\$661.3 million

(Page 29 of the Health portfolio transcript)

2. Please break down the change in budget for the *Acute Health Services* output between 2012-13 and 2013-14 arising from each of these elements identified in the budget papers:

Factor	Net dollar impact
increased funding for government policy initiatives	\$219.5 million
output price increases arising from price escalation for anticipated cost increases	\$208.2 million

(Pages 29-30 of the Health portfolio transcript)

3. Please advise why the target for cervical cancer screening has been set at a level lower than the expected outcome for 2012-13.

(Page 34 of the Health portfolio transcript)

Response:

Cervical screening throughput is influenced by a range of factors throughout the year that cannot always be anticipated, such as media interest (e.g. when a young UK celebrity was diagnosed and subsequently died from cervical cancer more women attended for Pap tests). The impact of activities such as TV campaigns and second reminder letters can only be estimated.

In Budget Paper 3, the 'Persons screened for prevention and early detection of health conditions - cervical cancer screening' targets for 2012-2013 and 2013-2014 are the same (550,700), however the 2012-13 expected outcome is higher than these targets (590,000). This is due to several factors:

- an increase in Pap tests following PapScreen Victoria's Peace of Mind TV campaign
- an increase in overdue women returning for Pap tests in response to a pilot project to send second reminder letters from the Victorian Cervical Cytology Registry
- an increase in demand due to population growth.

The target for this measure is set based on performance in previous years and also takes into account seasonal fluctuations due to the two-yearly screening cycle.

The differences between the 2012-13 target (63%) and the 2012-13 expected outcome (60%) in the 'Target population screened within specified timeframe for cervical cancer' measure are due to a technical change in the calculation formula used by the Australian Institute of Health and Welfare (AIHW). The AIHW is using updated data about the number of women who have had a hysterectomy and are therefore ineligible for screening. This new data has a smaller number of women who have had hysterectomies which has resulted in a larger number of women now being considered eligible for screening. Screening rates calculated using the new hysterectomy data cannot be directly compared with screening rates calculated with the old hysterectomy data. This technical change impacts on cervical screening participation rate calculations across Australia.

Victoria is the highest performing jurisdiction in the country for cervical screening participation, as shown in the table below.

Table 1: *Participation of women aged 20–69, by state and territory, over 2 years (2010–2011), 3 years (2009–2011) and 5 years (2007–2011)*

State/territory	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2010–2011	56.1	60.3	55.3	55.6	59.7	55.6	57.6	53.5	57.2
2009–2011	69.0	73.3	68.2	67.8	73.0	69.2	71.9	68.1	70.1
2007–2011	83.9	85.2	81.6	79.3	84.7	82.2	88.0	84.4	83.4

Source: AIHW *Cervical Screening in Australia 2010-2011*

4. Please advise:

- a. the number of cases where positions of staff members on maternity leave have not been backfilled; and
- b. the number of cases where staff members on the unpaid component of their 12-month maternity leave have been deemed to be ineligible to apply for voluntary departure packages.

(Pages 35-6 of the Health portfolio transcript)

Response:

(a)

Since the implementation of the Sustainable Government Initiative recruitment restrictions 56 recruitment business cases for backfill of an employee on maternity leave have been considered. More than 50 business cases were approved and two were not approved.

Some positions have been backfilled through temporary or higher duties assignments or through reallocation of functions or FTE within the area.

(b)

The Department's Voluntary Departure Package Program was outlined in a legally binding Class Ruling published and gazetted by the Australian Taxation Office. The ruling set out the eligibility and priority criteria for the limited number of VDPs available.

The Australian Tax Office Class Ruling 2012-71 stated:

"The class of employee to whom the Scheme applies is all ongoing departmental employees who have a substantive role with the DOH unless they have been identified as ineligible.

The following groups will not be eligible to participate in the scheme.

- Employees with less than 5 years service
- Employees on probation
- Employees recruited through the VPS Graduate Recruitment and Development Scheme in 2011 and 2012, trainees employed through the Youth Employment Scheme.
- Executive officers
- Fixed term, casual and sessional employees
- Employees who are on secondment from another organisation
- Employees receiving WorkCover salary payments and
- Employees on extended leave without pay.

5. Please provide a full response to Question 12 of the Committee's 2013-14 Budget Estimates Questionnaire (see below).

(Page 37 of the Health portfolio transcript)

Question 12

For each of the savings initiatives detailed in the table below, please detail (on the same basis of consolidation as the budget papers):

- what actions the Department will take in 2013-14 to meet the savings targets;
- any impact that these actions will have on the delivery of services; and
- please identify the Department's savings target for 2013-14, with an explanation for any variances between the current target and what was originally published in the budget papers when the initiative was released.

Initiative	Actions the Department will take in 2013-14	Impact of these actions on service delivery	Savings target for 2013-14 (\$ million)	Explanation for variances to the original target
Government election commitment savings (2011-12 Budget)	Savings were achieved through improved efficiencies and cost containment across the department's portfolios, including a focus on improved purchasing practices through enhanced contract management by Health Purchasing Victoria, improvements in patient flow, both within hospitals and community health services, and reduction of administrative overheads.	Savings were targeted at overhead reduction and should not impact on services delivered to the community.	\$1.9	Not applicable.

Measures to offset the GST reduction (2011-12 Budget)	Savings were achieved through improved efficiencies and cost containment across the department's portfolios, including a focus on improved purchasing practices through enhanced contract management by Health Purchasing Victoria, improvements in patient flow, both within hospitals and community health services, and reduction of administrative overheads.	Savings were targeted at overhead reduction and should not impact on services delivered to the community.	-\$0.5	Not applicable
Capping departmental expenditure growth (2011-12 Budget Update)	Savings were achieved through improved efficiencies and cost containment across the department's portfolios, including a focus on improved purchasing practices through enhanced contract management by Health Purchasing Victoria, improvements in patient flow, both within hospitals and community health services, and reduction of administrative overheads.	Savings were targeted at overhead reduction and should not impact on services delivered to the community.	\$45.6	Not applicable

<p>Maintain a sustainable public service (2011-12 Budget Update)</p>	<p>Savings were achieved through improved efficiencies and cost containment across the department's portfolios, including a focus on improved purchasing practices through enhanced contract management by Health Purchasing Victoria, improvements in patient flow, both within hospitals and community health services, and reduction of administrative overheads.</p>	<p>Savings were targeted at overhead reduction and should not impact on services delivered to the community.</p>	<p>\$6.9</p>	<p>Not applicable</p>
<p>Savings (2012-13 Budget)</p>	<p>Savings were achieved through improved efficiencies and cost containment across the department's portfolios, including a focus on improved purchasing practices through enhanced contract management by Health Purchasing Victoria, improvements in patient flow, both within hospitals and community health services, and reduction of administrative overheads.</p>	<p>Savings were targeted at overhead reduction and should not impact on services delivered to the community.</p>	<p>\$0.8</p>	<p>Not applicable</p>

<p>Efficiency measures (2012-13 Budget Update)</p>	<p>Savings were achieved through improved efficiencies and cost containment across the department's portfolios, including a focus on improved purchasing practices through enhanced contract management by Health Purchasing Victoria, improvements in patient flow, both within hospitals and community health services, and reduction of administrative overheads.</p>	<p>Savings were targeted at overhead reduction and should not impact on services delivered to the community.</p>	<p>\$18.8</p>	<p>Not applicable</p>
<p>Any savings or efficiency initiatives in the 2013-14 Budget</p>	<p>Not applicable</p>	<p>Not applicable</p>	<p>Nil</p>	<p>Not applicable</p>