

**Senate Community Affairs References Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**PUBLIC HEARING – 5 JULY 2017**

Prime Minister and Cabinet Portfolio

**Department/Agency:** Office of the Commonwealth Ombudsman

**Outcome/Program:**

Outcome 1. Fair and accountable administrative action by Australian Government entities and prescribed private sector organisations, by investigating complaints, reviewing administrative action and statutory compliance inspections and reporting.

**Topic:** Private Health Insurance Ombudsman

**Senator:** Senator Dastyari

**Question reference number:** 1

**Type of question:** Public Hearing – 5 July 2017

**Date set by the Committee for the return of answer:** 18 August 2017

**Number of pages:** 1

**Senator DASTYARI:** What reasoning were you given at the time for that policy decision [the machinery of government change that brought the Private Health Insurance Ombudsman within the purview of the Commonwealth Ombudsman] being made?

**Ms Gibb:** It's a good question, which I cannot answer. I wasn't deputy at the time when that happened. I could take that on notice, if you like.

**Questions:**

**Senator DASTYARI:**

1. What reasoning were you given at the time for that policy decision [the machinery of government change that brought the Private Health Insurance Ombudsman within the purview of the Commonwealth Ombudsman] being made?

**Answer:**

1. The change was announced in the 2014-15 Budget under an initiative: *Smaller Government –additional reductions in the number of Australian Government Bodies*. The advice to the agency was that the transfer was to reduce duplication, improve coordination and increase efficiency of how public funds are used to deliver services to the community.

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**Question reference number:** 2

**Type of question:** Public Hearing – 5 July 2017

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**Number of pages:** 1

**Senator DASTYARI:** ...I've had a look through the budget papers going back to 2014. It is indicated as a \$19.4 million savings measure. It has been put in the budget as a savings measure. Was that the reason the ombudsman service was given it?

**Ms Gibb:** Again, Senator, I couldn't answer that with any accuracy, but I'm happy to take that on notice and give you a more full response.

**Questions:**

**Senator DASTYARI:**

1. The Private Health Insurance Ombudsman's standalone function was merged with the broader Commonwealth Ombudsman as part of the 2014 budget. I've had a look through the budget papers going back to 2014. It is indicated as a \$19.4 million savings measure. It has been put in the budget as a savings measure. Was that the reason the ombudsman service was given it? (Again, I'm not asking for your opinion as to why it happened, because obviously you can't provide that, but rather what reasoning was provided.)

**Answer:**

1. The transfer of the PHIO function to the Office of the Commonwealth Ombudsman resulted in savings of approximately \$0.2m per annum. However, the rationale for the change was that it would also reduce duplication and improve co-ordination of services to the community.

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**Question reference number:** 3

**Type of question:** Public Hearing – 5 July 2017

**Date set by the Committee for the return of answer:** 18 August 2017

**Number of pages:** 1

**Senator DASTYARI:** How many full-time equivalent staff are devoted to your private health insurance function?

**Mr McGregor:** Can I take the exact answer to that question on notice. Approximately 12 is the answer.

**Ms Gibb:** But we will come back with a more accurate answer.

**Questions:**

**Senator DASTYARI:**

1. How many full-time equivalent staff are devoted to your private health insurance function?

**Answer:**

1. There were 12.3 full-time equivalent (13 headcount) staff members working directly on the Private Health Insurance Ombudsman function on 5 July 2017.

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**Question reference number:** 4

**Type of question:** Public Hearing – 5 July 2017

**Date set by the Committee for the return of answer:** 18 August 2017

**Number of pages:** 1

**Senator DASTYARI:** ... Can you take on notice how many full-time equivalent staff the Private Health Insurance Ombudsman had prior to the merger or the standalone function being removed, and how many you have now...

**Ms Gibb:** Certainly, Senator, thank you.

**Questions:**

**Senator DASTYARI:**

1. How many full-time equivalent staff the Private Health Insurance Ombudsman had prior to the merger or the standalone function being removed?
2. How many full-time equivalent staff the Private Health Insurance Ombudsman has now?

**Answer:**

1. 11.1 full-time equivalent staff worked within the Private Health Insurance Ombudsman agency on transfer. This included a full-time administration officer and the Private Health Insurance Ombudsman (agency head) statutory office holder.
2. 12.3 full-time equivalent staff worked solely on the Private Health Insurance Ombudsman function as at 5 July 2017. This does not include the administrative, senior executive and legal staff members within the Commonwealth Ombudsman that support all functions within the Office.

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**Question reference number:** 5

**Type of question:** Public Hearing – 5 July 2017

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**Number of pages:** 1

**Senator DASTYARI:** ...The number of complaints has gone up by 40 per cent; has there been a commensurate staffing increase to deal with that?

**Ms Gibb:** Certainly, Senator, thank you.

**Questions:**

**Senator DASTYARI:**

1. Has there been a commensurate staffing increase to deal with the 40 per cent increase in the number of complaints?

**Answer:**

1. Staffing for the PHIO function was increased by approximately 2 staff (20 per cent) over the last 12 months, to deal with an increase in caseload. Increasing staffing by a full 38 per cent was not necessary because workload increased to a lesser extent than that because the proportion of higher level “dispute” complaints reduced by 21 per cent over the same period.  
The Commonwealth Ombudsman is able to reallocate staffing resources between his functions to manage increases and decreases in workload.

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**Senator:** Senator Xenophon

**Question reference number:** 6

**Type of question:** Public Hearing – 5 July 2017

**Date set by the Committee for the return of answer:** 18 August 2017

**Number of pages:** 1

**Senator XENOPHON:** ... Could you take it on notice, what you can do to promote it and whether it is a question of whether the government provides extra resources?

**Ms Gibb:** Yes, absolutely.

**Questions:**

**Senator XENOPHON:**

1. What can the Office do to promote the privatehealth.gov.au website?
2. Is the ability to promote the privatehealth.gov.au website a question of whether the government provides extra resources?

**Answer:**

1. The Ombudsman would choose the appropriate promotion method depending on the funding available and an assessment of the value for money for the public. Options include a social media campaign and advertising, online advertising through search engines and media advertisements.
2. Partly, but the Ombudsman also has the ability to reallocate resources within his functions depending on what is a priority for complainants and the general public who access the Ombudsman's information services online.

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**Question reference number:** 7

**Type of question:** Public Hearing – 5 July 2017

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**Number of pages:** 1

**Senator XENOPHON:** ... the annual report of the ombudsman, during the reporting year of 2015-16 the health insurance industry returned 86.1 per cent of contributions to policy holders in paying benefits towards hospital and general treatment costs. This compares to the previous year where 87.1 per cent of contributions were returned. What is the dollar value of that one per cent of contributions retained by insurers rather than paid out [as benefits]?

**Ms Gibb:** Do you know that?

**Mr McGregor:** Senator, I would like to take that on notice rather than look it up here and make a mistake.

**Questions:**

**Senator XENOPHON:**

1. What is the dollar value of that one per cent of contributions retained by insurers rather than paid out [as benefits]?

**Answer:**

1. The percentage figure was provided to the Commonwealth Ombudsman by the Australian Prudential Regulation Authority (APRA). APRA may be able to provide the dollar figures used to arrive at the percentage figure.