

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Additional Estimates 2015 - 2016, 10 February 2016

Ref No: SQ16-000113

OUTCOME: 5 - Primary Health Care

Topic: Medicare Locals Programme – Winding up Costs

Type of Question: Hansard Page 58, 10 February 2016

Senator: Gallagher, Katy

Question:

Is there a final figure associated with the cost of closing the Medicare Locals and establishing the 31 new PHNs? Can I get a breakdown of that \$44 million?

Answer:

The cost of winding up the Medicare Local Programme was \$44 million. The cost of establishing the 31 Primary Health Networks was \$12.9 million.

The breakdown of the \$44 million is shown in the table below.

Cost category	Total
Amounts payable to employees whose employment is terminated because of the termination of the Deed for Funding	\$13,120,950.70
Amounts payable to lessors in relation to leases which are being terminated because of the termination of the Deed for Funding	\$9,498,916.38
Amounts payable to subcontractors in relation to subcontracts which are being terminated because of the termination of the Deed for Funding	\$765,095.23
Costs of storing corporate records after termination of the Deed for Funding	\$782,068.43
Costs of storing medical records after termination of the Deed for Funding	\$295,213.16
Legal costs incurred in complying with the Deed of Termination and Release	\$1,286,840.01
Wind down costs incurred because of the termination of the Deed for Funding*	\$14,304,561.37
Other reasonable costs**	\$3,101,084.58
Transition Costs ***	\$834,687.74
Total	\$43,989,417.61

* Wind down costs includes any costs incurred post 30 June 2015 that are unavoidably incurred and directly attributable to the early termination of the Medicare Local Programme. This includes staff salaries, leases, utilities and similar support costs post 30 June 2015 to finalise reports to the Department and wind up the companies where the organisations were required to cease trading.

** Other reasonable costs include any other costs not already categorised that are unavoidably incurred and directly attributable to the early termination of the Medicare Local Programme – such as run off insurance and record destruction costs.

*** Costs reasonably incurred by a Participant in complying with service continuity with the aim of minimising any disruption or deterioration of primary health care services; and ensuring there are effective strategies in place for the continuity of care for patients.