

**Senate Community Affairs Committee**

**ANSWERS TO ESTIMATES QUESTIONS ON NOTICE**

**HEALTH PORTFOLIO**

**Budget Estimates 2017 - 2018, 29 & 30 May 2017**

**Ref No:** SQ17-000691

**OUTCOME:** 2 - Health Access and Support Services

**Topic:** Mersey Hospital

**Type of Question:** Written Question on Notice

**Senator:** Urquhart, Anne

**Question:**

On the Mersey Hospital deal between the Commonwealth and Tasmanian Governments (announced on 5 April 2017) is for the Commonwealth to return ownership of the hospital to the Tasmanian Government and provide a one-off payment, exempt from GST calculations, of \$730.4 million by June 30 2017. In coverage of the announcement, the Tasmanian Minister for Health said the money would be quarantined for operations of the Mersey Hospital and would last between 10 and 12 years.

a) How did the Commonwealth and Tasmanian Governments arrive at the \$730.4 million amount? What calculations and assumptions were used?

(it appears that the grant amount is simply the 2015-16 grant level of \$73million multiplied by 10)

b) IF IT IS THE 2015-16 LEVEL, Why is that the appropriate level to use as a base when the funding amount in 2016-17 was \$75.5 million and the Tasmanian Government has allocated \$78.14 million for 2017-18 in the latest State Budget?

**Answer:**

The one-off payment of \$730.4 million to the Tasmanian Government as part of arrangements to transfer ownership of the Mersey Community Hospital was negotiated and agreed between Governments. This figure was calculated based on the net present value of ten years of funding indexed from the rate of funding provided in 2016-17.