

**Senate Community Affairs Committee**

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

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

**Ref No:** SQ17-000693

**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) What contingencies have the Commonwealth put in place in the agreement for if health inflation costs rise faster than those assumed in the agreement?
- b) What rate of return does the Commonwealth expect TasCorp to achieve over the next four years? And what rate of return over the next ten years?
- c) What contingencies have the Commonwealth put in place in the agreement for if the TasCorp investments are less than those assumed in the agreement? What contingencies have the Commonwealth put in place in the agreement for if the TasCorp investments lose money?

**Answer:**

The Mersey Community Hospital will revert to Tasmanian ownership on 1 July 2017. At this point, and consistent with the general rule that states and territories are the system managers of the public hospital systems, the future funding and operation of the hospital will become Tasmania's responsibility.

The Commonwealth agreement with Tasmania does not require quarantining of the \$730.4million, as announced by the Tasmania Minister for Health. This is a matter for the Tasmanian Government.