

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2013-2014

Finance and Deregulation Portfolio

Department/Agency: Department of Finance and Deregulation

Outcome/Program:

Topic: DisabilityCare Australia Fund – Proceeds of Levy

Senator: Fifield

Question reference number: 6

Type of question: Hansard, F&PA Committee, Page 26, 29 May 2013

Date set by the committee for the return of answer: Friday 12 July 2013

Number of pages: 2

Question:

Senator FIFIELD: So, what will go to the states is deducted from that?

Mr Grant: That is right.

Senator Wong: Subject to the parameters that were announced by the Prime Minister and the Treasurer—

Mr Grant: In broad terms, the parameters are 3.5 per cent increase per year. It is set at that level.

Senator Wong: But the original share is calculated, and the parameters also included how much of the population had to have come into the scheme before the states were eligible for their share, with the proviso that we were prepaying, from memory, two years prior to the 50 per cent being attained to assist in transition costs. Is that right?

Senator FIFIELD: Yes, it had to be 50 per cent of the eligible population.

Senator Wong: But we are prepaying a couple of years—from memory—for those who have signed up to the full scheme. Is that right?

Mr Grant: Correct.

Senator Wong: Yes. So it is not actually us. This is a policy matter, I suppose. But there are a range of parameters which have been announced. If you like, we can take those on notice for more detail.

Mr Grant: I am happy to take it on notice.

Mr Tune: Mr Thomann might be able to help you.

Senator FIFIELD: Sure.

Answer:

The parameters around the operation of the DisabilityCare Australia Fund are contained in the *DisabilityCare Australia Fund Act 2013* which provides that: a fixed amount of the money from the increase in the Medicare levy flowing into the DisabilityCare Australia Fund each year will be set aside for the States and Territories; this amount will be \$825 million in 2014-15 (approximately one-quarter of the money estimated to be raised in that year); and the annual amount allocated to the Fund will be grown in future years by 3.5 per cent per year. Over 10 years, the States and Territories will be allocated a total of \$9.7 billion from the Fund.

Draw downs from the Fund to reimburse the States and Territories for their expenditure on the scheme will occur when they meet key conditions, including agreement to the full scheme, and once at least 50 per cent of their eligible population is covered by the scheme.

To support early establishment costs, eligible States and Territories will be able to access part of their annual allocation (10 per cent in 2015-16, and 20 per cent in 2016-17 and 2017-18) once they have clients participating in the scheme.