

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Supplementary Budget Estimates 2012-2013, 17 & 19 October 2012

Question: E12-392

OUTCOME 0: Whole of Portfolio

Topic: GROWTH RATES

Type of Question: Written Question on Notice

Number of pages: 1

Senator: Senator Fierravanti-Wells

Question:

Okay. Now, there is a drop. Can you give me a broad outline in relation to that drop? There is a fall in the first year from 2011-12 to 2012-13 and then there are growth rates of about four or five per cent in the following years. As I understand it, last year's budget indicated growth of about three per cent between these years, which also I understand factored in the private health insurance changes and the closure of the dental scheme. Can you give me an explanation as to why there has been a significant revision in this year's budget? And will you be able to show me precisely those variations, and what was responsible for those variations?

Answer:

The 2012-13 Budget papers (Budget Paper 1, Statement 6, page 6-21) estimate that total government expenditure under the health function would be stable between 2011-12 (\$61.168 billion) and 2012-13 (\$61.003 billion).

The health function figures are for the whole of government and include the Department of Health (but not aged care, which is part of the social security function), Human Services and Department of Veterans' Affairs. The figures are compiled by the Treasury.

While the Department of Health and Ageing cannot comment on contributions to the health function figures from other Portfolios, factors within the Health Portfolio which contribute to the stability in expenditure from 2011-12 to 2012-13 include:

- expenditure on infrastructure is lower in 2012-13, as projects under the first three rounds of the Health and Hospitals Fund are progressively completed;
- establishment of the Personally Controlled Electronic Health Record, which cost \$467 million over two years from 2010-11;
- pricing reforms to the Pharmaceutical Benefits Scheme, which were estimated to deliver \$528 million in savings in 2012-13, and \$1.9 billion over five years; and
- means testing of the private health insurance rebate, which was estimated to deliver \$746 million in savings in 2012-13, and \$2.4 billion over three years.

This is described in Budget Paper 1, Statement 6, page 6-22.