

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 79

Topic: Administration of Means Testing the Private Health Insurance Rebate

Hansard Page: E87-88

Senator Cormann asked:

Senator CORMANN—The question that I would like an answer to is whether the Department of the Treasury, as part of modelling and assessing the merits of this particular policy measure, have assessed the administrative implications of this particular measure? I think it is a very straightforward question. To be honest, I think you would be better off just letting the officer answer it, rather than to make a big problem out of it.

Senator Conroy—You asked a specific question about the opinion of whether the government would be able.

Senator CORMANN—No. I have moved on from there.

Senator Conroy—The officers have some more information for you, now that you have rephrased your question.

Senator CORMANN—Thank you very much. I rephrased it a while ago. Do you have some more information?

Mr M Robinson—Yes. I am in a position to table the costing methodology note that we provided.

Senator CORMANN—That is fantastic, but that costing methodology note does not cover the issues of administration and implementation.

Mr M Robinson—That is correct, but you just addressed me in relation to the—

Senator CORMANN—I very much appreciate that.

Ms Mrakovcic—We represent the costing side. We cannot really comment on that.

Mr Ray—I think a short answer to your question is yes.

Senator CORMANN—That is a start. That is great. The answer is yes. What is the cost?

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Mr Ray—I am happy to take that on notice.

Senator CORMANN—So you are not able to tell me now what the cost of administration of means testing the private health insurance rebate is going to be.

Senator Conroy—We took it on notice.

Senator CORMANN—You have not got that at your fingertips.

Mr Ray—I am taking that on notice.

Senator CORMANN—Are you taking it on notice because you want to consider your position or because you have not got the information?

Senator Conroy—Because the Treasurer wants to consider the answer.

Senator CORMANN—Thank you for that. I have my final two questions. Is the government planning an information campaign to explain the changes, should they be successful in passing through the parliament? If so, how much are you putting aside for it?

Mr Ray—That would be a question for the department of health, I would have thought.

Mr Coles—The government is preparing an information campaign. The details of that campaign will be finalised following finalisation of the legislation and will be conducted by the Australian Taxation Office and the department of health.

Senator CORMANN—What is the budget for it?

Mr Coles—I will have to take that on notice for you.

Senator CORMANN—Thank you. I have a final question on notice. Will the campaign feature the private health insurance umbrella, perhaps with a little gap in it?

Mr Coles—I will take that on notice.

Answer:

The total cost to Government to implement the ‘Private Health Insurance Incentive Tiers’ reforms will be \$69.0 million over five years. This includes:

- \$66.6 million for the Australian Taxation Office (ATO) including \$963,000 in 2008-09;
- \$1.9 million for the Department of Health and Ageing, and
- \$540,000 for Medicare Australia.

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The funding provided to the ATO incorporates \$11.5 million over two years from 2010-11 for a public awareness communications campaign across press, radio, television to inform taxpayers in preparation for the relevant tax returns. The ATO will also produce printed materials, website content and outreach programs to inform taxpayers in the lead up to the introduction of the policy changes.

The campaign will be coordinated by the Australian Taxation Office, with support from the Department of Health and Ageing. The Department of Health and Ageing will focus on assisting industry to implement the changes, through the development of information and guidance material and standard forms.

The features of the campaign will be settled following finalisation of the legislation.