

DEPARTMENT OF THE PRIME MINISTER AND CABINET

To: Prime Minister (for decision by 23 November 2011)

BRITISH NUCLEAR TESTING PARTICIPANTS AND GOLD CARDS - AUSTRALIAN GREENS
COSTING

Recommendation - that you:

1. Sign the letter at Attachment C to Senator Bob Brown which includes the completed costing requested by Senator Brown on providing a Gold Card to Australian defence personnel who participated in British nuclear testing.


Julia Gillard

Date: 29/11/11

Signed / Not Signed

Purpose: To provide a response to Senator Brown on his request for a policy costing.**Key Points:**

1. On 7 November 2011, Senator Brown wrote to you (Attachment A) requesting a costing be prepared on providing a Gold Card to all Australian defence personnel who participated in British nuclear testing.
2. The Department of Finance and Deregulation has completed the costing on the policy proposed by Senator Brown (Attachment B). The proposed policy would benefit 1829 people in 2012-13 falling to 1385 in 2015-16 at an approximate cost of \$125 million over four years.
3. It is recommended that you sign the letter at Attachment C providing the costing and advising that it has been completed in accordance with the agreement between the Government and the Australian Greens.


David Hazlehurst
First Assistant Secretary
Economic Division
22 November 2011

Policy Officer: Dean Thompson
Phone no: 6271 6212
Consultation: Fiscal, Finance, Treasury

ATTACHMENTS

- ATTACHMENT A:** Incoming correspondence from Senator Brown
- ATTACHMENT B:** Completed costing
- ATTACHMENT C:** Draft correspondence to Senator Brown



ECO/FP

CU/121265

Bob Brown
Australian Greens Senator for Tasmania

The Hon Julia Gillard MP
Prime Minister
Parliament House
CANBERRA ACT 2600

OFFICE OF THE PRIME MINISTER
RECEIVED IN CANBERRA

8 NOV 2011

Referred to:

7 November 2011

Dear Prime Minister

Policy Costing

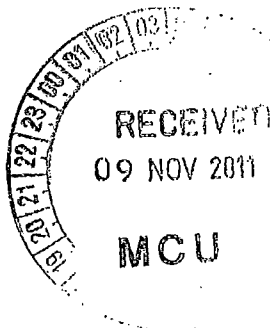
In accordance with the agreement between the Australian Greens and the Australian Labor Party I submit the following policy for costing by the Department of Finance and Deregulation: the provision of automatic Gold Cards to all defence personnel participants in British Nuclear Testing in Australia.

Please contact my office should you, or the Departments, require any further information or clarification on these costing in order to undertake this work.

We look forward to response on these matters.

Yours sincerely,

Bob Brown
Leader of the Australian Greens



COSTING REPORT

Name of policy costed:	Provision of Automatic Gold Cards to all Defence Personnel Participants in British Nuclear Testing (BNT) in Australia
Person making the request:	Senator Bob Brown, Leader of the Australian Greens
Date received:	9 November 2011
Summary of policy:	Treatment for all conditions under the <i>Veterans' Entitlements Act 1986</i> (VEA) would be provided to all surviving former Australian Defence Force (ADF) personnel who participated in certain British Nuclear Tests conducted in Australia in the 1950s and 1960s.
Additional information requested (including date):	Not applicable
Additional information received (including date):	Not applicable

FINANCIAL IMPLICATIONS (Outturn prices)(a)

Impact on	2011-12	2012-13	2013-14	2014-15	2015-16
Underlying Cash Balance (\$m)	-0.1	-33.0	-31.9	-30.8	-29.3
Fiscal Balance (\$m)	-0.1	-36.2	-31.8	-30.7	-29.2

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Costing assumptions:

- Commencement of policy is assumed to be 1 July 2012.
- The estimated eligible beneficiary population is 1,829 in 2012-13 and falls to 1,385 in 2015-16. This reflects the mortality profile (declining numbers) of surviving BNT participants which is assumed to be similar to that of the Korean War veteran cohort.
- Average utilisation of health services for this cohort is assumed to be the same as for existing Department of Veterans' Affairs (DVA) Gold Card holders.
- It is assumed that all members of the eligible cohort would claim their entitlement, and they would do so upon commencement of the policy.

- During the period before date of commencement, eligible people would be advised to claim the new entitlement by:
 - DVA, in the case of BNT participants who are already clients of the department; and
 - the Australian Nuclear Veterans' Association, in the case of those people not known to DVA.
- The majority of departmental expenses are incurred in 2011-12 and 2012-13, and relate to activities such as implementing new policy, handling client enquiries, processing new claims, and implementing IT systems changes. It is estimated that the implementation of this policy would require additional staffing for DVA of 3.5 FTE over four years.

Qualifications.

Assumptions underpinning this costing are subject to the following risks:

- That the actual health service utilisation of the eligible cohort may be significantly higher or lower than the amount estimated.
- That not all members of the eligible cohort will apply to receive their new entitlements.
- That the *Mortality and Cancer Incidence 2006* study of BNT participants (commissioned by the Repatriation Commission) did not identify all members of the eligible cohort, and that a significant number of new members may come forward to claim their new entitlement.

Further Information

- Payments to providers for health treatment services to veterans are paid retrospectively by Medicare Australia on behalf of DVA. This would result in a difference between the fiscal balance and underlying cash impacts in the first year of operation of this proposed new policy.
- The method used to estimate* the costs of the policy was as follows:

Total cost = NGC x POP, where:

- NGC (net cost per Gold Card) = annual full cost to DVA of each Gold Card less the savings to the Medicare Benefits and Pharmaceutical Benefits Schemes.
- POP (net BNT beneficiary population) = estimated surviving ADF BNT population** less ADF BNT population already issued with a Gold Card based on other VEA eligibility.

* DVA was consulted in estimating the BNT population and Gold Card costs.

** The surviving BNT population was estimated by adjusting the BNT cohort identified for the *Mortality and Cancer Incidence 2006* study for Korean War veteran mortality rates (closest comparable cohort).