

ANSWERS TO QUESTIONS ON NOTICE

TREASURY PORTFOLIO

15 December 2010

Question no: 7

Topic: Commonwealth funding for health and hospitals

Hansard Page: E13-14

Senator asked:

Senator CORMANN—We have covered the issue of disallowable instruments. I turn to health funding under changes as opposed to business as usual. You might want to take this on notice. I am interested: broken down by financial year, how much of any scheduled increases in federal funding for health and hospitals between 1 July 2011 and 30 June 2020—that is, the 2011-12 financial year to the 2019-20 financial year—will not come from either from the GST revenue taken from the states or from negative state adjustment amounts or from the \$15.6 billion in top-up payments over the six years 2014-15 to 2019-20? Would you be able to provide us with what that figure would be?

Mr Robinson—We can certainly take it on notice.

Answer:

The increase in Commonwealth health expenditure arising from the changed financing arrangements specified in the NHHN Agreement for the period 2011-12 to 2013-14, will be completely funded by a combination of the special payment and dedicated GST so that the changes are budget neutral over this period. The special payment will provide funding equivalent to the current Healthcare SPP, indexed annually by the growth factor set out in Schedule D of the IGA FFR. The dedicated GST will become the residual amount required to make up the remaining funding gap. From 2014-15, the amount of dedicated GST will be fixed based on 2013-14 costs and indexed annually at the rate of overall GST growth.

The Commonwealth projects that health expenditure in the areas covered by the NHHN arrangements for which the Commonwealth will be responsible for will continue to grow at a faster rate than GST revenue and the special payment. Due to the proportion of GST revenue dedicated being fixed based on 2013-14 expenditure levels, this will result in an increasing funding share for the Commonwealth from 2014-15 onwards. The increased share is projected to total \$15.6 billion over the period 2014-15 to 2019-20, payable directly from the Commonwealth Budget.

In addition to the higher rate of indexation (and therefore funding) provided through the special payment, over the period 2011-12 to 2013-14 the Commonwealth will provide funding for health and hospitals through the Improving Public Hospital Services National Partnership totaling \$2.6 billion.

2011-12	2012-13	2013-14	Total
\$777m	\$865m	\$970m	\$2,611m

The Commonwealth also provides Commonwealth Own Purpose Payments to the states and territories, such as for hospital care for veterans.

None of the above prevents the Commonwealth from adding further to hospital and primary health care funding, similar to current national partnership payments.