



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2014-2015

Brendan Smyth MLA (Chair), Mary Porter MLA (Deputy-Chair),
Giulia Jones MLA, Yvette Berry MLA

ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

Asked by Mr Hanson MLA on 20 June 2014: Ms Gallagher MLA took on notice the following question(s):

Ref HD-No 1: Hansard Transcript 20 June 2014, Page 4

In relation to: Federal budget impact on ACT Health:

Mr Hanson: Sure. If you could then, through you, Mr Chair, if you could take that on notice, total federal funding for health in the 13-14 budget in the forward estimates comparative to what is the federal funding for health in the 14-15 budget and what is the delta between those two. And that is real money. That is not assumptions. That is what you are getting.

Ms Gallagher: And I would say if you go to the commonwealth budget and have a look you will see that next financial year their payments to the Act decrease unlike every other jurisdiction and then on average grow in the order of about 3 per cent.

Mr Hanson: And if could break that down if you could include, minister, by line item so I can see, you know, if there is a particular aspect that it is going down or it is being cancelled or what it is?

Katy Gallagher MLA: The answer to the Member's question is as follows:—

We are still waiting on the Commonwealth to respond to our request for information detailing the composition of its 2014-15 Budget estimate of National Health Reform (NHR) funding for the ACT. Without this information, we are unable to provide the Committee with a line item breakdown of the changes to ACT funding that the Commonwealth has made.

As you know, the National Health Reform Agreement (NHRA) provided funding guarantees to jurisdictions, which were removed by the Commonwealth in its 2014-15 Budget. The guarantees were:

- the “no worse off” guarantee: the NHRA stated that “no State would be worse off in the short or long term”¹ than under the previous National Healthcare Special Purpose Payment (SPP) arrangements
- a share of the guaranteed minimum contribution to growth: the Commonwealth committed, nationally, to “at least \$16.4 billion in additional funding over ... 2014-15 to 2019-20”².

¹ National Health Reform Agreement, clause 15a

² National Health Reform Agreement, clause 15c

The 2013-14 Commonwealth Budget included the figures in the table below for its contribution to public hospital funding. 2012-13 and 2013-14 were transition years, with payment continuing on the basis of the previous SPP arrangements, with the Commonwealth's contribution to cross border patient activity added to the SPP figure. From 2014-15 onwards, the basis of payment changed to Activity Based Funding (ABF), ie based on patient activity regardless of place of residence (hence inclusive of the Commonwealth cross border contribution).

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Health SPP/National Health Reform	202.5	233.0	270.5	311.6	356.8	0
Cwth Cross Border contribution ^(a)	46.3 ^(a)	46.5 ^(a)				
Total	248.8	279.5	270.5	311.6	356.8	

(a) Cross border contribution was identified as a separate amount only in the NHRA transition years. From 2014-15, NHR funding (based on ABF) was inclusive of the Commonwealth cross border contribution.

The 2013-14 ACT Budget was finalised using these figures, plus an allowance for the Commonwealth's contribution to cross border patient activity for the 2014-15 and subsequent years. Neither the NHRA, or subsequent Commonwealth Budgets, provided an identifiable estimate of the value of the Agreement's guarantees. The approach taken by the ACT provided a reasonable estimate of what the ACT would receive from the funding guarantees. Funding for the ACT under the National Healthcare SPP had historically been increasing annually at around 11 per cent.

The following table reflects the difference between the figures in the ACT 2013-14 Budget and the figures in the Commonwealth's 2014-15 Budget.

	2013-14	2014-15	2015-16	2016-17	2017-18 ^c	
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
2013-14 ACT Budget ^a	279.5	318.4	361.0	407.6	365.5	
2014-15 C'th Budget ^b	276.2	271.1	298.4	328.2	311.1	
Difference	-3.3	-47.3	-62.6	-79.4	-54.4	-247.0

Notes

- ACT Budget figures taken directly from the 2013-14 Commonwealth Budget, BP3, page 24 (Specific Purpose Payment) and page 26 (cross border). Cross border payments are only estimated for the budget year (2013-14) by the Commonwealth, hence in the ACT Budget the Commonwealth's estimated cross-border funding was projected forward at a conservative growth rate (excluding 2017-18, see note c).
- Commonwealth Budget figures taken directly from the 2014-15 Commonwealth Budget, BP3, page 11-12 and page 13 which provided a top-up payment to offset downward adjustments in 2013-14 to national health reform funding.
- Figures for 2017-18 for both the ACT and Commonwealth budgets exclude a contribution for cross border activity based on the Commonwealth's decision to revert to funding based on arrangements similar to the previous Health Specific Purpose Payment, which has the ACT recovering funding relating to cross border activity directly from the NSW (or other) governments.

The 2014-15 Commonwealth Budget included the following figures for its contribution to public hospital funding.

	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'m	\$'m	\$'m	\$'m	\$'m
National Health Reform (incl Cwth cross border)	271.9	271.1	298.4	328.2	311.1
NP on public hospital system – additional funding	4.3				
Total	276.2	271.1	298.4	328.2	311.1

There was a separate amount of \$4.3 million allocated “to offset downward adjustments in National Health Reform funding during 2013-14”³. The basis of payment changed from 2017-18, from ABF to indexation on the basis of population and CPI.

Approved for circulation to the Select Committee on Estimates 2014-2015

Signature: *Kathy Gallagher*

Date: 7/7/14

By the Minister for Health, Kathy Gallagher MLA

³ Commonwealth Budget 2014-15, Budget Paper 3