

# Labor loses GST health battle

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CANBERRA - The federal government has abandoned its "historic" plan to become the major funder of hospitals after Liberal state premiers refused to hand over any of their GST to pay for it.

Prime Minister Julia Gillard's new proposal to split finding responsibility with the states and territories was labelled a "humiliating backdown" by the opposition.

But doctors and health experts welcomed a greater focus on community healthcare delivered outside of hospitals.

The prime minister said the new proposal, to be put to premiers and chief ministers tomorrow, would enable the commonwealth to fund 50 per cent of future growth costs by 2018.

Under the scrapped deal, the federal government was to pay 60 per cent of all public hospital costs from the middle of this year. Now it's estimated it will only reach

45 per cent of total costs by 2030 – up from 40 per cent today.

But Ms Gillard said because the states would keep all their GST under the new proposal the total commonwealth contribution was comparable - including an extra \$16.4 billion by the end of this decade.

However. Labor had sold Kevin Rudd's health deal as historic in that it would allow the federal government to control the system, thereby ending the blame game and cost-shifting.

Now, the PM acknowledged, there'd be an "equal partnership" with states and territories.

Opposition Leader Tony Abbott said Labor had committed "a complete, utter and humiliating backdown of monumental proportions".

"Essentially it's business as usual," he said. "It seems that yet again smart premiers have outmanoeuvred a prime minister with very little vision."

Ms Gillard is maintaining key elements of Mr Rudd's deal – including a shift to activity-based funding by 2014, new local hospital networks and more accountability regarding waiting times and safety.

Funds are to be distributed via

a national pool and "state-based accounts".

That concerns the architect of Labor's original blueprint, Christine Bennett.

"My preference would be for a single national pool with a set of funding rules that go straight to the local hospital networks," she told AAP.

"If you want transparency you want it right through to the networks." However, Dr Bennett says Ms Gillard's proposal is, overall, a good "first step".

Doctors are most pleased with the greater emphasis on primary healthcare- even though Labor's dropped a commitment to take over 100 per cent finding responsibility in that area.

Ms Gillard wants to fast-track the rollout of more Medicare Locals to coordinate community care and increase after-hours access to doctors.

"This deal has the potential to restart the health reform process," Australian Medical Association president Andrew Pesce said.

Health policy expert Robert Wells says the new proposal is an improvement which should "stop the squabbling" over finances.

The requirement for hospitals to publicly report data on a My Hospitals website "is the

best thing that's come out of all of this", the Australian National University academic said.

WA Premier Colin Barnett, who opposed the GST clawback, said he believed agreement could now be reached tomorrow. AAP