

# Government abandons GST-backed health plan

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**General News**  
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THE Federal Government has abandoned its "historic" plan to become the major funder of Australian 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 funding responsibility with the states and territories was immediately labelled a "humiliating backdown" by the Opposition.

But doctors and health experts welcomed a greater focus on community health care delivered outside 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 yesterday.

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 Prime Minister acknowledged

yesterday, 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.

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".

Doctors are most pleased with the greater emphasis on primary health care - even though Labor has dropped a commitment to take over 100 per cent funding responsibility in that area.

Ms Gillard wants to fasttrack the roll-out 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 said the new proposal is an improvement and should "stop the squabbling" over finances.