

Health change

New plans for system

CANBERRA
By JULIAN DRAPE

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 healthcare delivered outside of hospitals.

The Prime Minister said the new proposal, to be put to premiers and chief ministers tomorrow, would allow 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.

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.

But Ms Gillard yesterday said 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".

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.

Health policy expert Robert Wells said the new proposal was 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", he said. AAP

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