

ANSWERS TO QUESTIONS ON NOTICE

TREASURY PORTFOLIO

15 December 2010

Question no: 5

Topic: Adjustments to special payment

Hansard Page: E12

Senator asked:

Senator CORMANN—I am just quoting from DoHA's incoming government brief: 'No agreement about what constitutes primary care has been reached. The discussion has been deferred until the February 2011 COAG meeting.' Treasury also noted that resolution of primary care was required prior to developing budget estimates for 2011-12. I quote again: 'Finalisation of design detail around the proposed primary care transfer in particular will be required prior to developing budget estimates for 2011-12. Associated with the change to the roles and responsibilities, this issue is likely to require intensive efforts in order to achieve a quick resolution and not put pressure on the timetable for the transfer of primary healthcare services.' Do the states and territories know how much their current national healthcare specific purpose payments will be reduced by between 2012-13 and 2019-20? I am going back to the negative or positive adjustments to special payments.

Ms Vroombout—For Home and Community Care, yes, they do.

Senator CORMANN—So they have specific dollar figures that their special payments, which currently are their specific purpose payments, will be reduced by between 2012-13 and 2019-20?

Mr Caruso—They are estimates, though.

Senator CORMANN—Are they published anywhere?

Mr Robinson—Not that I am aware of.

Senator CORMANN—Can you provide that on notice to the committee, please.

Answer:

In the 2010-11 *Budget Paper No. 2* on p238-239, the *National Health and Hospitals Network – rebalancing financial responsibility in the federation* measure specified the financial impact of the changes to the roles and responsibilities for Home and Community Care and related programs. Due to the changes being budget neutral over the forward estimates period, they will be funded through a reduction in the Healthcare SPP. The estimated changes to the Healthcare SPP over the forward estimates period are contained in the table below. Estimates beyond the forward estimates period are unpublished at this time.

2009-10	2010-11	2011-12	2012-13	2013-14
...	...	-\$38.1m	-\$61.7m	-\$77.0m

The National Health and Hospitals Network funding estimates published in the 2010-11 *Budget Paper No. 3* reflects these adjustments.

As Treasury mentioned at the Committee hearing, the NHHN Agreement provides for possible changes in funding mechanisms for primary health care in the future (noting the five year moratorium period commencing in 2011-12). Any such change that saw the Commonwealth (rather than the states and territories) making direct payment for transferred services would also result in a commensurate change in the special payment to the states and territories. Any such negative adjustment would be a direct consequence of a diminished level of activity delivered directly by the states and territories.

Work is currently being undertaken by a joint Commonwealth/state and territory working group to refine estimates ahead of preparation of 2011-12 budgets.