Date Introduced: 6 September 1983
House: House of Representatives
Presented by: Hon. Chris Hurford, M.P., Minister for Housing and Construction and Minister Assisting the Treasurer

Short Digest of Bill

Purpose

To adjust provisions in Commonwealth-State funding for consistency with the Medicare arrangements agreed upon at the 1983 Premier's Conference.

Background

Prior to 1981, Commonwealth financial assistance to the States in the provision of health care was by grants payable under hospital cost-sharing agreements. Following the Report of the Jamison Committee of Inquiry into the Efficiency and Administration of Hospitals[1], the Commonwealth decided in 1981 to replace hospital cost-sharing and other health grants with general purpose block grants. The new scheme applied from 1 July 1981 in the case of Northern Territory, NSW, Queensland, Victoria and Western Australia. Cost-sharing agreements with South Australia and Tasmania do not expire until 1985 and the new scheme applies only to Commonwealth assistance for school dental and community health programs in these States. There is provision for early transfer to the new scheme by these two States.

The grants payable in 1983-84 and 1984-85 successively increase over the 1982-83 grant to the extent of increases in total Commonwealth tax receipts in the preceding year. Distribution between the states may be varied following findings of the Commonwealth Grants Commission, and all grants are conditional upon provision of free hospital services to eligible pensioners, disadvantaged persons and their dependents (see Bills Digest for States (Tax Sharing and Health Grants) Bill 1981). The States are also required to furnish certain information concerning services provided.
The objective indicated in the Second Reading Speech that the State and Northern Territory public hospital systems are not financially disadvantaged by the introduction of Medicare is reflected in additional public hospital funding, supplementary to existing arrangements. These existing arrangements, to expire on 30 June 1985, are amended by the Bill:

(i) as agreed at the Premier's Conference, South Australia and Tasmania will join Medicare and their hospital cost-sharing agreements will end on 1 February 1984. A special grant in 1983-84 equal to the projected payment had Medicare not been introduced, will be made. In 1984-85 that grant will be increased by the rate of increase in total Commonwealth tax receipts;

(ii) the conditions attaching to the health block grants are deleted.

It is anticipated that the wider conditions associated with Medicare will attach to the Medicare compensation payments. These conditions relate to provision of health services. Provision of statistics to the Commonwealth is also required.

Main Provisions

The States (Tax Sharing and Health Grants) Act 1981 which the Bill would amend, is drafted to distinguish South Australia and Tasmania from the other States and Northern Territory. It is with provisions relating to the former that the Bill is concerned.

The escalation clause in subsection 18(2) is amended to include amounts payable to South Australia and Tasmania in its formula. The specific provision for 1984-85 in subsection 18(4) is replaced by new subsections (4) and (5) including in the amount payable to South Australia and Tasmania in respect of the 1983-84 year such an amount as would have been payable if the cost-sharing agreement had continued (clause 3). By clause 6 these additional payments are indicated to be in addition to cost-sharing agreement payments.
Clause 5, which under clause 2 would commence on 1 February 1984, repeals section 20 which states the conditions applicable to health grants to the States receiving block grants. The new conditions are intended to be dealt with in relation to Medicare arrangements.

For further information, if required, contact:

Education and Welfare Group
20 September 1983
LEGISLATIVE RESEARCH SERVICE

Reference