

EXPLANATORY STATEMENT

FEDERAL FINANCIAL RELATIONS (NATIONAL HEALTH REFORM PAYMENTS) DETERMINATION 2015-16

Under the *Intergovernmental Agreement on Federal Financial Relations* (the IGA) and the *Federal Financial Relations Act 2009* (the Act), the Commonwealth provides National Health Reform payments to the States and Territories as a financial contribution to support State and Territory service delivery in the area of healthcare.

The Act provides for the Minister to determine for each financial year, the total amount and the manner in which National Health Reform payments are distributed between the States and Territories. The Act also requires the Minister have regard to the IGA and the National Health Reform Agreement when making a determination for National Health Reform payments.

Advance payments in respect of National Health Reform are provided throughout the financial year based on estimates of each jurisdictions' anticipated entitlement. Any adjustment between the advances paid to a jurisdiction and the jurisdiction's determined entitlement is made in the first practicable payment after the determination is made.

This Determination in respect of National Health Reform payments is a legislative instrument and will be registered on the Federal Register of Legislative Instruments.

This Determination is in accordance with Part 3A of the Act, which provides for the Minister, by legislative instrument, to determine the total amounts payable, the manner in which these total amounts are indexed, and the manner in which these amounts are divided between the States and Territories.

In accordance with the functions of the Administrator of the National Health Funding Pool under paragraph 238(1)(a) of the *National Health Reform Act 2011*, the Administrator has calculated and advised the amounts required to be paid by the Commonwealth into each State Pool Account of the National Health Funding Pool under the National Health Reform Agreement. The Administrator of the National Health Funding Pool also received updated activity data related to public hospital services delivered in 2014-15. This has resulted in additional Commonwealth payments to New South Wales and Queensland totalling \$31.6 million. An adjustment has been included in the 2015-16 entitlement to reflect the updated activity and resulting increase in Commonwealth funding.

In 2017 the Commonwealth Minister for Health directed the IHPA to review a number of changes to the classification, counting and scope of non-admitted activity in 2015-16. In particular, the IHPA was directed to take steps to ensure that changes introduced to classification systems or costing methodologies across all activity based funding service categories are effectively back-cast, and to ensure that the introduction of changes in the non-admitted service category do not have a unintended impact on the calculation of efficient growth for the 2015-16 financial year.

In response to the Commonwealth Minister for Health's direction the IHPA issued a statement acknowledging errors and issues affecting the growth calculation in the 2015-16 financial year.

Having regard to the Administrator's advice and the IHPA statement on matters relevant to the amounts required to be paid to the States under the National Health Reform Agreement, in accordance with subsection 15A(1) of the FFR Act, the amounts specified in Table 1 are to be paid for the 2015-16 financial year to the States specified in that table.

Table 1: National health reform payments, 2015-16

State	National health reform payments
New South Wales	\$5,349,009,853.05
Victoria	\$4,244,207,872.46
Queensland	\$3,707,009,810.39
Western Australia	\$1,951,756,566.17
South Australia	\$1,239,264,249.03
Tasmania	\$366,292,568.83
Australian Capital Territory	\$340,685,421.23
Northern Territory	\$204,317,501.10
Total	\$17,402,543,842.27

Consultation

The IGA and National Health Reform Agreement were subject to extensive consultation with the States and Territories and were signed by all jurisdictions. Both agreements are publicly available on the website for the Council on Federal Financial Relations. Consultation with the States and Territories on National Health Reform funding also occurs regularly, principally through meetings between Heads of Treasuries.

Commencement

This Determination commences on the day it is made.

Disallowance of the legislative instrument

This Determination is exempt from disallowance in accordance with subsection 15A(2) of the *Federal Financial Relations Act 2009* and paragraph 44(2)(a) of the *Legislation Act 2003*.

STATEMENT OF COMPATIBILITY WITH HUMAN RIGHTS

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

In accordance with the IGA and the Act, the Commonwealth provides National Health Reform payments to the States and Territories as a financial contribution for the purpose of expenditure in accordance with the National Health Reform Agreement.

This Legislative Instrument determines the total amounts payable in respect of National Health Reform funding for 2015-16, and the manner in which these amounts are divided between the States and Territories.

Human rights implications

This instrument provides for payments to be made to States and Territories to facilitate the provision of public health services, supporting individuals' rights to the highest attainable standard of physical and mental health (art 12(1), ICESCR; art 24, CRC and art 25, CRPD). The services funded in this instrument also support individuals with disabilities right to habilitation and rehabilitation (art 26, CRPD) and the right of children with disabilities to health care (art 23, CRC and art 7, CRPD).

States and Territories' entitlements to National Health Reform funding increased by \$1,611 million from 2014-15 to 2015-16.

Conclusion

This Legislative Instrument is compatible with human rights as it does not adversely engage any human rights issues.