

## **EXPLANATORY STATEMENT**

### **Issued by authority of the Treasurer**

*Federal Financial Relations Act 2009*

*Federal Financial Relations (National Health Reform Payments for 2019-20)  
Determination 2021*

Section 15A of the *Federal Financial Relations Act 2009* (the Act) provides that the Treasurer may determine that an amount specified in the determination is to be paid to a State, the Australian Capital Territory or the Northern Territory as specified in the determination for the purpose of making a grant of financial assistances for the purpose of expenditure in accordance with the National Health Reform Agreement.

The purpose of the *Federal Financial Relations (National Health Reform Payments for 2019-20) Determination 2021* (the Determination) is to specify amounts to be paid to each State, the Australian Capital Territory and Northern Territory for the 2019-20 financial year.

Under the *Intergovernmental Agreement on Federal Financial Relations* (the IGA) and the Act, the Commonwealth provides national health reform payments to the States, the Australian Capital Territory and the Northern Territory, as a financial contribution to support state service delivery in the area of healthcare, particularly public hospitals. The details of the funding arrangements are set out in the *National Health Reform Agreement*.

Under the *National Partnership on COVID-19 Response*, the Commonwealth agreed to provide financial assistance for the additional costs incurred by each State, the Australian Capital Territory and Northern Territory health service in responding to the COVID-19 outbreak in 2019-20 and 2020-21. The *National Partnership on COVID-19 Response* amends the *National Health Reform Agreement* so that the additional funding can be paid into the National Health Funding Pool.

Advance payments in respect of national health reform are made throughout the financial year based on estimates of each jurisdiction's anticipated entitlement for that year. In accordance with the *National Health Reform Agreement*, any adjustment between the advances paid to a jurisdiction and the jurisdiction's determined entitlement will be spread equally across payments for a subsequent quarter, or appropriate period where the Administrator deems necessary.

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 in respect of 2019-20 into each State Pool Account of the National Health Funding Pool under the *National Health Reform Agreement*. The Treasurer has accepted the Administrator's advice in making the Determination.

Details of the amounts to be paid to each State, the Australian Capital Territory and Northern Territory for the 2019-20 financial year are outlined in Table 1 in [Attachment C](#). The amounts include:

- the Commonwealth's share of funding for public hospital services under the *National Health Reform Agreement* which is calculated on an activity basis;
- additional amounts applicable to ensure the amount paid to each State, the Australian Capital Territory and Northern Territory meet the minimum amount guaranteed by the Commonwealth;
- hospital services payments provided to support public hospitals in testing and treating confirmed and suspected COVID-19 patients;
- State public health payments to support additional public health activities in responding to the pandemic and stopping the spread of the disease; and
- private hospital financial viability payments that enabled critical health resources from the private hospital sector to be integrated and available to the public hospital sector for the period 1 April 2020 to 30 June 2020.

For the 2019-20 financial year, the Commonwealth provided each State, the Australian Capital Territory and the Northern Territory with a minimum funding guarantee for funding related to the *National Health Reform Agreement* and the hospital services payment component of the *National Partnership on COVID-19 Response*. Where a State, the Australian Capital Territory or the Northern Territory is eligible for the guarantee, the base amount for calculating that jurisdiction's entitlement for 2020-21 will be the guaranteed minimum funding amount (see Table 2 in [Attachment C](#)).

The IGA and the *National Health Reform Agreement* (as amended by the *National Partnership on COVID-19 Response*) 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, through the Administrator's Jurisdictional Advisory Committee meetings.

Details of the Determination are set out in [Attachment B](#).

The Determination is a legislative instrument for the purposes of the *Legislation Act 2003*. However, the Determination is not subject to disallowance.

The Determination commences on the day after registration.

**Statement of Compatibility with Human Rights**

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

***Federal Financial Relations (National Health Reform Payments for 2019-20) Determination 2021***

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**

The purpose of the *Federal Financial Relations (National Health Reform Payments for 2019-20) Determination 2021* is to specify the amount to be paid to each State, the Australian Capital Territory and the Northern Territory for the 2019-20 financial year.

**Human rights implications**

This Legislative Instrument does not engage any of the applicable rights or freedoms.

**Conclusion**

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

## **ATTACHMENT B**

### **Details of the *Federal Financial Relations (National Health Reform Payments for 2019-20) Determination 2021***

This Attachment sets out further details of the *Federal Financial Relations (National Health Reform Payments for 2019-20) Determination 2021*.

#### **Section 1 – Name of the instrument**

This section provides that the name of the instrument is the *Federal Financial Relations (National Health Reform Payments for 2019-20) Determination 2021* (the Determination).

#### **Section 2 – Commencement**

This section provides that the Determination commences on the day after it is registered on the Federal Register of Legislation.

#### **Section 3 – Authority**

This section provides that the Determination is made under the *Federal Financial Relations Act 2009*.

#### **Section 4 – Definitions**

This section provides definitions for the purposes of the Determination.

#### **Section 5 – National health reform payments for the 2019-20 financial year**

This section sets out the amounts required to be paid by the Commonwealth in respect of the 2019-20 financial year into each State Pool Account of the National Health Funding Pool under the *National Health Reform Agreement* (as amended by the *National Partnership on COVID 19 Response*).

Details of the amounts to be paid to each State, the Australian Capital Territory and Northern Territory for the 2019-20 financial year are outlined in Table 1 in Attachment C. The amounts include:

- the Commonwealth's share of funding for public hospital services under the National Health Reform Agreement which is calculated on an activity basis;
- additional amounts applicable to ensure the amount paid to each State, the Australian Capital Territory and Northern Territory meet the minimum amount guaranteed by the Commonwealth;
- hospital services payments provided to support public hospitals in testing and treating confirmed and suspected COVID-19 patients;
- State public health payments to support additional public health activities in responding to the pandemic and stopping the spread of the disease; and

- private hospital financial viability payments that enabled critical health resources from the private hospital sector to be integrated and available to the public hospital sector for the period 1 April 2020 to 30 June 2020.

The Administrator of the National Health Funding Pool (Administrator) has calculated and advised the amounts required to be paid to each State, the Australian Capital Territory and the Northern Territory, in accordance with paragraph 238(1)(a) of the *National Health Reform Act 2011*. The Treasurer has accepted the Administrator's advice making in the Determination

**ATTACHMENT C**

**Table 1: Details of the amounts to be paid to each State, the Australian Capital Territory and Northern Territory for the 2019-20 financial year**

<b>Item</b>	<b>For this State:</b>	<b>Commonwealth National Health Reform funding</b>	<b>Additional amounts to meet funding guarantee</b>	<b>Hospital services payments funding entitlement</b>	<b>State public health payments funding entitlement</b>	<b>Private hospital financial viability payments funding entitlement</b>	<b>Total</b>
1	New South Wales	\$6,432,667,456.54	\$256,955,356.62	\$194,180,263.16	\$695,069,453.94	\$125,559,686.00	<b>\$7,704,432,216.26</b>
2	Victoria	\$5,098,296,026.67	\$250,202,107.94	\$204,856,777.94	\$423,565,748.38	\$195,231,493.14	<b>\$6,172,152,154.07</b>
3	Queensland	\$4,889,648,687.23	\$10,712,206.67	\$89,029,361.52	\$150,865,894.61	\$76,016,971.60	<b>\$5,216,273,121.63</b>
4	Western Australia	\$2,307,495,869.02	\$2,443,450.20	\$40,659,378.00	\$60,289,730.09	\$32,105,525.38	<b>\$2,442,993,952.69</b>
5	South Australia	\$1,434,033,516.30	Not eligible	\$15,960,519.40	\$40,331,056.25	\$24,138,551.00	<b>\$1,514,463,642.95</b>
6	Tasmania	\$433,680,500.73	\$9,487,051.31	\$6,490,164.90	\$35,255,679.81	\$9,490,171.74	<b>\$494,403,568.49</b>
7	Australian Capital Territory	\$410,428,873.70	\$2,013,371.13	\$7,896,725.55	\$7,794,927.60	\$5,456,305.38	<b>\$433,590,203.36</b>
8	Northern Territory	\$297,500,631.10	Not eligible	\$13,205,690.86	\$7,139,945.97	\$1,830,135.06	<b>\$319,676,402.99</b>
<b>Total</b>		<b>\$21,303,751,561.29</b>	<b>\$531,813,543.87</b>	<b>\$572,278,881.33</b>	<b>\$1,420,312,436.65</b>	<b>\$469,828,839.30</b>	<b>\$24,297,985,262.44</b>

**Table 2: Base funding amounts for each State, the Australian Capital Territory and Northern Territory for 2020-21 funding calculation purposes**

<b>Item</b>	<b>For this State:</b>	<b>Funding base for 2020-21</b>
1	New South Wales	\$6,883,803,076.32
2	Victoria	\$5,553,354,912.55
3	Queensland	\$4,989,390,255.42
4	Western Australia	\$2,350,598,697.22
5	South Australia	\$1,434,033,516.30
6	Tasmania	\$449,657,716.94
7	Australian Capital Territory	\$420,338,970.38
8	Northern Territory	\$297,500,631.10
	<b>Total</b>	<b>\$22,378,677,776.23</b>