



# Media Release

## Senator Mathias Cormann

### *Liberal Senator for Western Australia*

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#### **JIM MCGINTY BUNGLES COMPENSATION ATTACK**

The Rudd Government has hung WA Health Minister Jim McGinty out to dry over the issue of compensation for public hospitals affected by changes to the Medicare levy surcharge.

The AMA has estimated that up to one million people nationally could exit private health funds as a result of the change and head toward an already over-stretched public hospital system.

Mr McGinty had claimed as recently as May 21 that Western Australia would be entitled to compensation from the Commonwealth for the additional demand faced by our public hospitals. Mr McGinty told the ABC;

*“ We'll certainly be asking for compensation in the form of extra money for our public hospitals. That is allowed for under the existing health care agreement that any significant shift in policy settings which shifts the burden from one sector to another results in claims for compensation.”* (ABC, 'PM', 21/5/08)

WA Liberal Senator Mathias Cormann says the Rudd Government has abandoned Mr McGinty over the issue.

Under questioning from Senator Cormann at a Senate Estimates hearing, senior Commonwealth Health officials have confirmed that there is no such mechanism in the current health funding agreement between Canberra and the States.

“The Commonwealth officials were quite emphatic that there is no such clause in the current agreement, in fact there had not been since 2003,” Senator Cormann said.

“Mr McGinty and the Western Australian Government need to put a clear claim to the Commonwealth for more funding to cope with the additional demand caused by this policy change.

“Our public hospitals are facing a tsunami of additional demand and Jim McGinty has not done what needs to be done to ensure sufficient funding to cope with that additional demand.”

Senator Cormann says Mr McGinty's bungling has left the WA's public hospital system exposed.

“The Rudd government is in a panic over this botched policy change. Their officials have confirmed they were not asked to assess the impact on the public hospital system or how much it would cost the States.

“We need some real leadership on this issue from State Governments around Australia standing up for patients requiring timely access to quality hospital care. 'Ending the blame game' should not mean State Government's quietly standing by while Federal Government policies are removing \$2.7 billion in funding from the hospital system.

“The State Government should come on board with the Federal Opposition in the fight for a better deal for WA public hospitals.”

CONTACT: Senator Mathias Cormann – 0411 874 546 or 02 6277 3457

**Draft transcript of  
Department of Health and Ageing, Senate Estimates Committee hearing,**

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Wednesday June 4, 2008.

**Senator CORMANN**—No, I am not asking questions about that yet actually but I will get to it. But you made the point that you do not assess what you call secondary impacts—

**Ms Halton**—Second round effects.

**Senator CORMANN**—Yes you call it second round effects, sorry. I call it the tsunami that is going to hit state public hospitals. I refer you to comments by Mr McGinty, the state Health Minister in Western Australia and he said that he would seek compensation through the Australian health care agreement which entitled WA to a funding top-up for every two per cent decrease in the number of people with private health insurance. Is there such a clause in the Australian health care agreement where if there is that sort of impact as a result of a federal government policy change where you have to automatically top up state hospital funding?

**Mr Kalisch**—No, there is no such clause in the current agreement. There was one in a previous agreement.

**Ms Halton**—The last one.

**Senator CORMANN**—What Minister McGinty is saying is wrong.

**Mr Kalisch**—There is no clause in the current agreement.

**Senator CORMANN**—So minister McGinty is saying there is a clause and you are saying there is no clause.

**Mr Kalisch**—There was one in the previous agreement.

**Senator CORMANN**—It sounds to me as if there is a new start to a new blame game happening here.

**Mr Kalisch**—No it is just a matter—

**Senator Colbeck**—You can I just clarify: you mean by the previous agreement, when did that agreement expire?

**Mr Kalisch**—That expired in 2003.

**Senator CORMANN**—So you have essentially not conducted any assessment of the impact on public hospitals on the basis that it is a second round effect?

**Mr Kalisch**—Yes, that is correct.