



Hon Lawrence Springborg MP
Minister for Health

- 2 JUL 2013

Mr Neil Laurie
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Dear Mr Laurie

I write in response to your letter regarding petition number 2062-13, tabled in Parliament on 7 June 2013, in relation to the reduction in Commonwealth Health funding to the Cairns and Hinterland Hospital and Health Service.

The total financial impact in 2012-2013 to Queensland's health system resulting from Federal Government health cuts was more than \$103 million. This comprised a reduction of \$63.3 million in Queensland's National Healthcare Reform (NHR) funding announced in the Federal Government's Mid Year Economic and Fiscal Outlook (MYEFO) and a \$40 million reduction to the National Healthcare Special Purpose Payment in 2011-12. Changes to Federal funding have resulted in a \$6.5 million budget reduction for the Cairns and Hinterland Hospital and Health Service.

Following the announcement of the reduction in the Federal Government's MYEFO, the Queensland Government and other state governments made extensive representations to the Federal Government on this issue. The Federal Government indicated that the reductions are not negotiable and has refused to review the methodology for calculating population growth which underpins the reductions.

The decision to apply a reduction of this significance mid financial year caused considerable issues for service delivery. It impacted on the time available for Hospital and Health Services to review budgets, plan and implement strategies to offset the reduction.

On 7 February 2013, the Senate referred this issue to the Finance and Public Administration Reference Committee for inquiry. Queensland provided a submission to the inquiry outlining the impact reductions of this magnitude will have on the Hospital and Health Services. The submission also highlighted my concerns with the methodology for calculating population growth that the Federal Government had applied to the health reform funding.

The Committee released its finding in a report on 7 March 2013. The report recommended that the Federal Government reinstate health funding to the states and territories and supported the view that the basis on which the calculation of the funding cuts was made is flawed.

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I am advised that the Cairns and Hinterland Hospital and Health Service has developed an efficiency program to meet financial target while minimising the impact of the funding cuts on patient services.

I trust this information is of assistance to the petitioners.

Yours sincerely

A handwritten signature in black ink, appearing to read 'L. J. Springborg', written in a cursive style.

LAWRENCE SPRINGBORG MP
Minister for Health