



Health plan puts heat on Abbott

By **MICHELLE GRATTAN**
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TONY Abbott is under pressure to clarify quickly whether he will let the hospital reform legislation through the Senate, as Prime Minister Kevin Rudd takes the fight up to the opposition on his favoured ground.

“My very clear challenge to him . . . is to come out in black and white and say that he will not use his numbers in the Senate to block these fundamental health reforms,” Mr Rudd said.

The deal between the federal government and all states except Western Australia requires a change in an inter-governmental agreement for the signatories to give up a third of their GST.

Mr Abbott is under conflicting pressures. To oppose the changes would paint the Coalition as frustrating hospital reform. But the GST is a sensitive issue in Western Australia, where Premier Colin Barnett, the country’s only Liberal premier, has refused to hand over a portion and wants to cut a special deal with Mr Rudd.

Senior WA Liberal senator Alan Eggleston said any change to the GST arrangement raised important issues about the workings of the federation.

“It was set up by the Howard government as a revenue stream for the states. The states ceded other taxes. Will they be able to re-establish the former taxes and maintain an independent revenue stream?” Senator Eggleston asked.

Mr Abbott said the opposition “won’t be supporting any changes that involve broken promises” — such as the already defeated means test on private health insurance. But Mr Rudd said he would not link this legislation with the hospitals package.

The health deal did “look like yet another broken promise”, Mr Abbott said. Mr Rudd had said “he would fix the public hospital system and if he couldn’t do that he’d take it over. Well, he hasn’t fixed the system and he hasn’t taken it over,” Mr Abbott said.

The opposition would consider individual measures on their merits. It was hard to see the merits of any proposal that made worse the bureaucratic muddle surrounding hospitals. But Mr Abbott also said that “obviously it’s hard to disagree with new money in important services”.

A spokesman for Mr Rudd said the government wanted the legislation for the GST change and any other health

laws passed by July 1, when the health deal starts. But the deal can begin even without the legislation being passed.

Shadow cabinet will discuss the health issue today.

If the Coalition is opposed, the government would have to try to win support from the minor players.

Mr Barnett said: “I think there would be many senators who would have a real problem in overruling a decision that they made in good faith just a decade earlier.”

The national health and hospitals network agreement does not specify the precise proportion of GST revenue the states will give up.

The federal government says about one-third is needed, but the amount varies between the states, because of the nature of the federal fiscal system. The impost on Victoria will be a little less — Premier John Brumby has said about 30 per cent.

Unlike all other states Victoria is not giving up its role in the home and community care program, residential aged care, specialist disability services or immunisation. With **DAVID ROOD**

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