



PRIME MINISTER

FOR PRESS

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**JOINT STATEMENT BY PRIME MINISTER AND THE PREMIER OF VICTORIA
HOSPITAL FINANCES**

We met today to discuss the situation of hospital finances in Victoria. We agreed that both Governments want a speedy and sensible solution to the financial problems facing Victorian hospitals.

Officers will meet urgently to prepare a joint report to both Governments in January.

We agreed that the following principles should guide their considerations:

1. The Commonwealth commitment to 50-50 sharing of agreed hospital costs stands firm and fixed.
2. There will be no forced reductions of services or closures of wards as a result of budgetary cuts, if these affected patient care. It is recognised that normal seasonal fluctuations may result in closure of wards and reduction in demand for services, particularly at this time of the year.
3. Hospital expenditure is a large and increasing element in Commonwealth and State budgets and both governments accept the need for firm cost containment in the hospital field.

Both Governments will consider the Report as soon as it is available.