



PRIME MINISTER

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AGREEMENT ON VICTORIAN PUBLIC HOSPITAL COSTS

Commonwealth and State Government officials have agreed that Victorian Public Hospitals are disadvantaged as a result of the tentative budget previously proposed to meet the operating costs of the hospitals.

In order to bring Victoria broadly into line with other States, the Commonwealth Government has adopted a recommendation that the approved nett operating costs budget for Victorian public hospitals for 1977/78 be increased by \$9.6 million to \$458.6 million. In accordance with the normal arrangements, half will come from the Commonwealth and half from the State.

The revised budget has been accepted by the Victorian Government.

The Prime Minister, Mr. Fraser, said today that he met with the Victorian Premier, Mr. Hamer, on December 16th to discuss the financial difficulties facing Victorian public hospitals. Mr. Fraser said: "We agreed that there should be an urgent meeting of Commonwealth and State officers to prepare a report to Governments on this matter on the basis that there were to be no forced reductions of staff or closure of wards as a result of budgetary cuts if this affected patient care.

"Officers reported that despite the cost containment measures taken by Victoria, the tentative budget previously proposed was insufficient to permit the proper functioning of Victorian hospitals at an acceptable level of patient care.

"The revised allocation will bring Victoria's 1977/78 hospital budget increase over last year's spending to a level broadly consistent with that of the other States."