

Thursday, 4 December 2008



Embargoed until legislation passes Victorian Parliament

Peak Health Body welcomes new community health legislation

The Victorian Healthcare Association has thanked all Victorian parliamentarians for their bipartisan support for legislation to secure the tax free status of the community health sector.

This follows the passage in the Victorian parliament this week of the Health Services Legislation Amendment Bill 2008 that ushers in a new system of registration for community health services as companies limited by guarantee.

The VHA's chief executive, Mr Trevor Carr, said his organisation was pleased the State Government expedited the legislation to avoid services being hit with fringe benefits bills this year.

The crisis was precipitated after the Australian Taxation Office (ATO) this year revoked the tax-free status of CHS, due to government involvement in their governance that nullified their status as public benevolent institutions.

Removal of CHS' tax free status would have left services unable to remunerate staff with competitive wages and conditions, leading to a massive exodus to the private sector.

"The VHA worked constructively with the Minister for Health, Mr Daniel Andrews, and opposition members of parliament on behalf of our members to ensure this legislation met member needs, satisfied the ATO, and was passed in time to avoid impending tax liabilities that would have crippled the sector," Mr Carr said.

"I wish to sincerely thank all members of parliament who worked with us and our members on this issue for resolving it in the interests of all Victorians.

"Community health remains an integral part of the Victorian public healthcare system and delivers vital services to those in need. These centres are often the only provider of bulk-billed general practitioner and public dental services in their local area."

The new regulatory framework includes:

- A voluntary registration process for CHS that will see them become companies limited by guarantee, ensuring the maintenance of their charitable status
- CHS that register will be eligible for government funding for community health and dental services
- An appeals process by the Victorian Civil and Administrative Tribunal provides a safeguard to the registration process

An additional benefit of the bill will be to integrate CHS more closely with their local communities by removing state government involvement in their governance structures. Previously, the State Government appointed CHS chief executives and a proportion of board members.

The Victorian Government invests more than \$250 million annually in CHS to provide state-funded primary health services which include medical, dental, allied health and nursing services.

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Other services provided by CHS include: home and community care, drug and alcohol rehabilitation and mental health services.

Victoria has 100 CHS at 400 sites of which 60 per cent operate as part of a hospital. It is the 38 independently governed centres that were impacted by the ATO ruling.

The VHA is the major peak body representing the public healthcare sector in Victoria. Our members include public hospitals, rural and regional health services, community health services and aged care facilities. Established since 1938, the VHA promotes improvement of health outcomes for all Victorians from the perspective of its members.

For further information and
Interviews please contact
Trevor Carr
CEO
The Victorian Healthcare Association
(03) 9094 7715 or (0409) 362 382

