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Submission

to

Senate Select Committee Inquiry into the Abbott Government's Commission of Audit

31 January 2014

This Submission is based on the views of the National Rural Health Alliance but may not reflect the full or particular views of all of its Member Bodies.

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Priority issues for the Alliance and the people of rural and remote Australia

In recognition of the fundamental importance of the Commission of Audit's work in terms of the Commonwealth budget and decisions on expenditures potentially for several years to come, the National Rural Health Alliance (the Alliance) made a submission to the Commission of Audit[1].

The Alliance was invited in a letter dated 19 December 2013 to provide a written submission to the Senate Select Committee Inquiry into the Abbott Government's Commission of Audit.

The Alliance is keen to take every available opportunity to promote its concerns for the people of rural and remote Australia, and is therefore pleased to provide this submission to the Senate Select Committee.

We have noted the detailed questions listed for special consideration (or 'terms of reference') for the Committee's Inquiry. One way to summarise the Alliance's special concerns is to highlight those questions listed which are of particular relevance (we have reframed or amalgamated some of the questions, rather than quoting them verbatim).

a) The nature and extent of any proposed service cuts, and their impact on the more than 6.7 million people who live in rural and remote areas.
b) The impact of cuts to the public service on its capacity to be aware of and advise the Government on rural and remote health and wellbeing.
c) The effect of any proposed changes in the current split of roles and responsibilities between the Commonwealth Government and State and Territory Governments on services for communities in rural and remote areas.
d) Improving the fairness of revenue raising and the integrity of the structural budget balance in the medium to long term.

Each of these will be briefly considered in turn.

The impact of service cuts on the people of rural Australia

The Alliance acknowledges the critical and related roles of the Commonwealth, State/Territory and local governments in the Australian health sector. While appreciating the need for efficiency and lack of duplication in such roles, the Alliance's concern is to have the special interests and needs of rural and remote people recognised in whatever improved situation is achieved.

Given that successive governments have made considerable efforts over the last decade to effect some rationalisation of health functions and services (particularly where Commonwealth and State/Territory governments are concerned), it is timely for the Commission of Audit to review Commonwealth Government activities in the health sector.

[1] National Rural Health Alliance. Submission to the National Commission of Audit. December 2013 http://ruralhealth.org.au/sites/default/files/documents/nrha-policy-document/submissions/sub-national-commission-audit-10-dec-2013.pdf

We welcome the focus on efficiency and effectiveness of government expenditure through improvements to productivity, service quality and value for money across the public sector, including better service delivery to the regions. However we are concerned about the danger that, in seeking resolution of the structural budget situation, too much weight might be given to applying cuts in both Commonwealth Government services and special-purpose payments to other governments, as distinct from providing a reasonable and appropriate balance between savings and revenue measures.

The Alliance trusts that the Senate Select Committee will highlight the particular need to protect the interests of people needing health care in rural and remote communities, and that the Committee members bear these interests in mind when scrutinising the Commission of Audit's reports.

The rural lens through which such scrutiny should be effected must give attention to:

- the potential for changes in national health funding, policy and programs to adversely affect people in rural and remote areas, and the means by which such effects might be identified and measured (perhaps including regional impact assessments);
- ensuring that public data continues to be collected and analysed by remoteness (ie by ASGC-RA) to provide the evidence needed to monitor the effects of service or funding changes by geographic area; and
- the need for investment of sufficient duration to allow the realisation of health benefits from Medicare Locals and national data and monitoring agencies (NHPA, IHPA, ANPHA). In the longer term, the allocation of health expenditures to more closely match health need will play a major part in stabilising the national budget; Medicare Locals have a critical role to play in such a fundamental change.

Public service capacity to advise Government on rural health and wellbeing

To protect the interests of people who live in rural and remote areas, particularly in a time of fiscal stringency or 'rationalisation', it is essential that governments have accurate and up-to-date information about the realities of life in such areas. A major purpose of the Alliance's work is ensuring that such information is readily available. But the main requirement is that the public service has the wherewithal and the mandate to provide critical, relevant advice and information to the government of the day.

Although more than 6.7 million people live and work in rural and remote areas, information about them and their circumstances is relatively hard for public agencies based in the capital cities to obtain. As with so much else, special provision is therefore needed to ensure that decisions will not unnecessarily prejudice businesses, communities or families in country areas, particularly since any withdrawal of funding and services in these vulnerable rural and remote areas, can detrimentally affect all sectors both in the short and long term.

Presently as public service numbers are being cut back, it is a matter of concern to know how governments are being informed about rural and remote issues.

The Alliance is a strong supporter of 'regional impact statements' (or their equivalent), developed in consultation with stakeholders, as a means of applying a transparent rural lens to the decisions of agencies whose policies and programs might or might not have particular impacts. In other words, given the particular characteristics and variables of rural and remote

communities, sometimes, the product of decisions and policies may not be what is anticipated.

Some overseas, and a couple of Australian jurisdictions, have what is called a 'health in all policies' approach to the considerations and decisions of agencies whose work has the capacity to affect health outcomes, such as social services, infrastructure and regional development, communications, education and more.

The Alliance urges the Senate Select Committee to consider where regional impact statements and a 'health in all policies' framework should be invoked to protect rural and remote areas from the unintended consequences of new policies and programs, or, on the positive side of the ledger, to try to maximise the beneficial outcomes from particular policies and funding arrangements that are proposed.

The evidence base used in government decision-making will include what is provided by various agencies whose task it is to provide data for public decision-making. The Alliance is engaged with, and impressed by, the work of the National Health Performance Authority and the Independent Hospitals Pricing Authority. These agencies have demonstrated effectiveness in better targeting health differentials and health service delivery issues affecting people living outside the major cities, ensuring that the effectiveness of health programs can be monitored and their managers held to account.

The Alliance values the work of the Australian Bureau of Statistics (ABS), the Australian Institute of Health and Welfare (AIHW) and the COAG Reform Council in terms of the special reporting by rurality they have undertaken or enabled. The Alliance is aware of the difficulty that the AIHW has in sustaining a rural and remote focus in its work and that it is on the record in calling for a new allocation of resources to the AIHW for rural and remote staff capacity.

The capacity of these agencies to deliver the data required for evidence-based health funding, policy and programs is an important component of the ability of the public service to provide good and timely advice to government.

The roles and responsibilities of Commonwealth and States/Territories

The Alliance accepts that (to quote the Commission of Audit) "government should do for people what they cannot do, or cannot do efficiently, for themselves, but no more."

It has to be recognised that the capacity of people to care for themselves where health services are concerned depends, among other things, on geographical location as well as financial means. It is critical that distance does not determine destiny.

The Alliance strongly supports new technologies as one means through which the tyranny of distance can be mitigated. Good examples are telehealth and the Personally Controlled Electronic Health Record, both of which have the potential to be particularly beneficial for people in rural and remote areas. However the rapid move to digital and online communications is an area in which there is substantial market failure in more remote areas. For one thing, access depends on the availability (including cost) of high-speed broadband and mobile telephony. Too often there is a focus on the 93 per cent of Australians or Australian homes and businesses that can be provided relatively simply with high-speed broadband, with insufficient thought given to the seven per cent for whom the technical and

financial challenges are greater – where investment may translate more readily into gains in health service delivery.

As new technologies in service delivery and within government are increasingly adopted, special consideration must be given to people for whom connectivity is still a problem. Governments should therefore intervene differentially - to a greater degree - to ensure a fair go for people living in rural and remote areas. Such investment in infrastructure in rural and remote communities will bring business and employment opportunities and the potential to increase regional productivity as well as contributing to a fair go for health.

People outside the cities already face greater challenges than their city counterparts in accessing market-based health and health-related services. Put another way, market failure for health and other services is greater and more widespread in rural and remote areas than the cities. Information is scarce, markets are thin, and communications are poorer.

In country areas there are severe and ongoing mal-distributions of health professionals and critical mass issues for both public and private sector services. In addition, a substantial proportion of the total costs of providing health services are borne by individuals, which means that those with limited financial means miss out on even fundamental health services such as access to a GP. Moreover, families in rural areas tend to have lower incomes.

These issues are compounded by higher proportions of vulnerable population groups in rural and remote areas, including Aboriginal and Torres Strait Islander people, people living with disabilities, people from culturally and linguistically diverse backgrounds, older people and more.

However, the unequal capacity of individuals to be and to remain healthy, goes further than these direct health determinants. It goes to early childhood development opportunities, educational attainment, access to and capacity for work and income and housing circumstance. Differences in such variables as these mean that various individuals and families have quite distinct prospects for good health. Those people who do not have the opportunity to become or remain healthy in a free market situation, are more likely than others to pass poor health to their next-generation.

All of this means that the Commonwealth Government must remain closely involved in rural and remote health services, not just as a key funder but also as a driver of particular policies and programs to meet the needs of country people. It must remain aware of the effectiveness (or otherwise) in rural areas of its key programs, including Medicare and the Pharmaceutical Benefits Scheme. It needs to continue to monitor the rural aspects of its funding of public hospital services, private health insurance, aged care, the national health research effort, the health of Veterans, Indigenous health, and its regulation covering for example, the safety and quality of pharmaceuticals.

The blame- and cost-shifting that these complex arrangements result in are well known in the health sector. But vacation of the field by the Commonwealth is not the answer, including because it would exacerbate the access and equity issues already faced by country people.

It will continue to be more productive for the Commonwealth and the States/Territories to strike special agreements to effect reform in such areas as the interface between hospitals, primary care and aged care; and continuity in cancer care and mental health services.

The fairness of revenue raising and the structural budget balance

The Alliance accepts the urgent need to strengthen the integrity of Australia's structural budget position. It therefore understands the focus on the efficiency and effectiveness of government expenditure, and the importance of improvements to productivity, service quality and value for money across the public sector, including better delivery of services to the regions.

We are concerned, however, from what we know and understand of the Commission of Audit's scope, that too much weight is being attached to cuts in Commonwealth Government services and in special-purpose payments to other governments. The structural budget deficit must be fixed through an appropriate balance between savings (cuts) and revenue (taxation) measures.

Significantly, cuts to essential services (ie, those concerned with unavoidable challenges such as illness or foundational services such as education) impact most heavily on people who are already vulnerable, whereas progressive taxation does not.

Despite the wealth that rural and remote industries, including agriculture, mining and tourism bring to Australia, some of our most vulnerable people live in rural and remote areas. They have less years of completed education yet they face higher costs of accessing tertiary study. People in rural and remote areas are older and a greater proportion of them are living with a disability than their city cousins. Services are less readily available and often are more costly to access. Targeted programs to reduce health risk factors such as smoking, dangerous use of alcohol, and overweight and obesity, are less likely to reach them despite that their risk rates are higher than for people in metropolitan areas. Basic infrastructure, such as for transport and telecommunications, is inferior in rural and remote areas.

Conclusion

Overall, the businesses, communities and families of rural and remote areas are already among the most disadvantaged and vulnerable in Australia. Reports from the Commission of Audit and subsequent government actions must not merely permit, but actively encourage some of the redistribution of resources and life opportunities which is necessary to provide greater equity for country people.

These are vital considerations affecting the more than 6.7 million people who live in rural and remote areas of Australia.

Governments make serious investments in health and education and these investments yield returns to economic growth and employment within a region, well beyond service delivery. The broad and lasting impact of such investments should be recognised and sustained.

The Alliance hopes that the Select Committee will give close attention to these matters in its scrutiny of the work of the Commission of Audit. Cuts in Commonwealth government expenditure must not worsen the disadvantage already experienced by rural businesses and communities. There should be a balance between savings in expenditure and increases in revenue through root and branch reform of the taxation system. And in all such activity the special interests and needs of people of rural Australia must be accommodated.

Member Bodies of the National Rural Health Alliance

ACEM (RRRC)	Australasian College of Emergency Medicine (Rural, Regional and Remote Committee)
ACM (RRAC)	Australian College of Midwives (Rural and Remote Advisory Committee)
ACHSM	Australasian College of Health Service Management
ACM (RRAC)	Australian College of Midwives (Rural and Remote Advisory Committee)
ACN (RNMCI)	Australian College of Nursing (Rural Nursing and Midwifery Community of Interest)
ACRRM	Australian College of Rural and Remote Medicine
AGPN	Australian General Practice Network
AHHA	Australian Healthcare and Hospitals Association
AHPARR	Allied Health Professions Australia Rural and Remote
AIDA	Australian Indigenous Doctors' Association
ANMF	Australian Nursing and Midwifery Federation (rural members)
APA (RMN)	Australian Physiotherapy Association Rural Member Network
APS	Australian Paediatric Society
APS (RRPIG)	Australian Psychological Society (Rural and Remote Psychology Interest Group)
ARHEN	Australian Rural Health Education Network Limited
CAA (RRG)	Council of Ambulance Authorities (Rural and Remote Group)
CHA	Catholic Health Australia (rural members)
CRANAplus	CRANAplus – the professional body for all remote health
CWAA	Country Women's Association of Australia
ESSA (NRRC)	Exercise and Sports Science Australia (National Rural and Remote Committee)
FRAME	Federation of Rural Australian Medical Educators
FS	Frontier Services of the Uniting Church in Australia
HCRRA	Health Consumers of Rural and Remote Australia
IAHA	Indigenous Allied Health Australia
ICPA	Isolated Children's Parents' Association
NACCHO	National Aboriginal Community Controlled Health Organisation
NRF of RACGP	National Rural Faculty of the Royal Australian College of General Practitioners
NRHSN	National Rural Health Students' Network
PA (RRSIG)	Paramedics Australasia (Rural and Remote Special Interest Group
PSA (RSIG)	Rural Special Interest Group of the Pharmaceutical Society of Australia
RDAA	Rural Doctors Association of Australia
RDN of ADA	Rural Dentists' Network of the Australian Dental Association
RFDS	Royal Flying Doctor Service
RHEF	Rural Health Education Foundation
RHWA	Rural Health Workforce Australia
RIHG of CAA	Rural Indigenous and Health-interest Group of the Chiropractors' Association of Australia
ROG of OAA	Rural Optometry Group of the Australian Optometrists Association
RPA	Rural Pharmacists Australia
SARRAH	Services for Australian Rural and Remote Allied Health
SPA (RRMC)	Speech Pathology Australia (Rural and Remote Member Community)