



THE SENATE

SELECT COMMITTEE ON HEALTH

16 December 2015

Mr Phil Bowen PSM FCPA
Parliamentary Budget Officer
Parliamentary Budget Office
By email: pbo@pbo.gov.au

Dear Mr Bowen

Request for submission – Senate Select Committee on Health

I am writing on behalf of the Senate Select Committee on Health. The committee has agreed to request from the Parliamentary Budget Office a submission in relation to Commonwealth funding of public hospitals.

The committee has recently held public hearings on this topic in Melbourne, Cairns, Rockhampton, and Sydney.¹ Further to the evidence received during these hearings, the secretariat has been researching funding figures for states and territories, particularly for the period 2017-18 to 2024-25 during which Commonwealth funding will change from activity-based funding to block funding indexed to CPI and population growth. There does not appear to be a single comprehensive source of this information. The secretariat's broad findings are at Attachment A.

Drawing information from different sources may create difficulties, including the possibility that groups may be calculating the change in Commonwealth funding differently. In order to obtain reliable information, the committee has agreed to request the following information from the Parliamentary Budget Office:

1. The reductions in Commonwealth hospital funding for 2017-18 to 2024-15 as a result of funding changing to indexation by CPI and population growth (by state) as part of the cancellation of the National Health Reform Agreement (NHRA)
2. The reductions in Commonwealth hospital funding from 2014-15 to 2017-18 caused by the removal of funding guarantees under the NHRA (by state)
3. The reductions in overall Commonwealth health funding between 2014-15 and 2024-25 caused by the cancellation of health-related National Partnership Agreements (by state).

¹ For transcripts from the committee's hearings between 4 and 27 November, see the committee's website: www.aph.gov.au/Parliamentary_Business/Committees/Senate/Health/Health/Public_Hearings

Please contact me on 02 6277 3598 if you have any queries regarding this matter.

Yours sincerely

A handwritten signature in blue ink that reads "Stephen Palethorpe". The signature is written in a cursive, flowing style.

Stephen Palethorpe
Committee Secretary

REDUCTION IN COMMONWEALTH HOSPITAL FUNDING

Estimates of reductions from 2017-18 to 2024-25¹

NORTHERN TERRITORY

Funding cuts of around \$0.6 billion.
Equivalent to 60 hospital beds or one Palmerston Hospital.

WESTERN AUSTRALIA

Funding cuts of up to \$5.7 billion

SOUTH AUSTRALIA

Funding cuts of up to \$3.5 billion
These cuts are equivalent to closing 600 hospital beds.

VICTORIA

Funding cuts of up to \$17.7 billion
These cuts are equivalent to losing two tertiary hospitals.

QUEENSLAND

Funding cuts of up to \$11.8 billion
In Far North Queensland this means losing 42 doctors, 149 nurses, and 42 allied health professionals.

NEW SOUTH WALES

Funding cuts of up to \$17.7 billion
AMA NSW notes that the cuts are equivalent to the loss of 'five and a half Westmead hospitals'.

AUSTRALIAN CAPITAL TERRITORY

Funding cuts of around \$1.0 billion

TASMANIA

Funding cuts of around \$1.0 billion



¹Information has been taken from a range of sources including evidence presented to the Senate Select Committee on Health, 2015 Intergenerational Report, reports by the AMA, and media reports.

SOURCES

Queensland

- Evidence from representatives from the Cairns and Hinterland Hospital and Health Service (pp 1-12) and representatives from the Queensland Department of Health (pp 13-24), Committee Hansard, 16 November 2015.

South Australia

- 'South Australia's Response to the 2014-15 Commonwealth Budget Cuts', South Australian Government, May 2014. See also evidence from representatives of the South Australian Department for Health and Ageing, Committee Hansard, 11 June 2-15 (pp 20-28).

Victoria

- Evidence from representatives from the Victorian Department of Health and Human Services (pp 38-48), Committee Hansard, 4 November 2015.

New South Wales

- AMA NSW, media release, 'Commonwealth cuts will see NSW lose five-and-a-half Westmead Hospitals', 23 June 2015.
- AMA NSW, 'Pre-Budget Briefing NSW State Budget June 2015', p. 5.

Northern Territory

- Chief Minister of the Northern Territory, the Hon Adam Giles MLA, media release, 'Territory Health and Education Funding Under Threat', 18 May 2014. <http://www.chiefminister.nt.gov.au/media-releases/territory-health-and-education-funding-under-threat>

Western Australia, Tasmania, Australian Capital Territory

- *2015 Intergenerational Report*, Department of Treasury, 5 March 2015, as quoted by Lenore Taylor, 'Doctors' group predicts health funding crisis unless federal cuts are reversed', *The Guardian*, 16 April 2015.

Supporting information from the *2015 Public Hospital Report Card – An AMA analysis of Australia's public hospital system*, AMA, March 2015.

Some figures quoted in the above map are taken from Hansard evidence, while other figures are from the *2015 Intergenerational Report*, as quoted by Lenore Taylor writing in *The Guardian*. The complete set of figures from this source is:

QLD	NSW	VIC	SA	WA	TAS	NT	ACT
\$10 billion	\$16 billion	\$12 billion	\$3.5 billion	\$5.7 billion	\$1.0 billion	\$0.6 billion	\$1.0 billion

Figures from other sources, including evidence from public hearings are:

QLD	NSW	VIC	SA	WA	TAS	NT	ACT
\$11.8 billion	\$17.7 billion	\$17.7 billion	\$1.0 billion	Not available	Not available	Not available	Not available