

Ms Christine McDonald
Secretary
Standing Committee on Finance and
Public Administration
PO Box 6100
Parliament House
CANBERRA ACT 2600

28 May 2010

Dear Ms McDonald

**Inquiry into the Council of Australian Governments reforms
relating to health and hospitals**

Thank you for your letter of 18 May 2010 inviting the Rural Doctors Association of Australia (RDAA) to make a submission to the Inquiry into the Council of Australian Governments (COAG) reforms relating to health and hospitals.

I enclose a submission from the RDAA at **Attachment A**.

While the RDAA recognises the need for substantial reform of the way in which health care is funded across Australia, our response to the COAG reforms remains cautious as we await further details about how the COAG agreement will work in practice. A key concern for the RDAA is that the Federal Government will not gain much greater control over healthcare delivery under the new funding agreement and that State governments will short-change rural hospitals and health services when allocating health funding from the single funding pool agreed to at the COAG meeting. The RDAA considers that the setting of national minimum standards for hospital services will be crucial to securing more equitable funding allocations and ensuring rural hospitals and rural health services receive the funding they desperately need and deserve.

Some of the \$7.3 billion package in health funding announced by the Government as part of its health reform negotiations will benefit rural and remote Australia. However, given that over 30% of Australians live in rural areas, at least one third of this additional funding should be allocated to rural and remote hospitals and health services, particularly given there is already a Medicare underspend of around \$1 billion annually in the bush.

Australians who live in rural and remote Australia are significantly disadvantaged in their access to health services. As a result, their health outcomes continue to lag well behind those who live in metropolitan Australia and they have significantly shorter life expectancy. Many rural people are unable to access even the most basic primary care medical services in

their local communities, and have to travel significant distances just to see a GP for a basic consultation, or have to wait many weeks to be seen close to where they live.

At the heart of this disadvantage is a depleted rural health workforce which continues to decline in numbers. The RDAA calculates that the rural medical workforce shortage at well over 1800 doctors. In view of this, the absence of a commitment within the COAG reform agenda to measures that will attract, retain and sustain a rural health workforce is, in our view, a significant oversight.

While some of the recent and proposed initiatives, which increase number of medical and other health graduates, have some potential to help, they will not fix the rural health workforce issue unless they are accompanied by real and tangible incentives to attract new doctors and other health professionals to rural practice. With the earnings differential between a rural GP and a city specialist continuing to widen, the RDAA estimates that around 1 in 5 rural practices are not economically viable.

To improve the health of rural communities, it is imperative that doctors currently shouldering the burden of providing medical care to rural communities 24 hours a day, seven days a week, be rewarded appropriately for the services they provide to their communities, thereby encouraging them to remain in rural practice and provide these essential services.

In view of this, the inclusion of measures in the health and hospital reform package which may impact adversely on the income of GP in rural areas is unsatisfactory and likely to be viewed as provocative by rural GPs. This includes the use of a capitation funding model for the voluntary diabetes enrolment program and the inadequate funding included in the new Practice Nurse Incentive Program.

The RDAA welcomes the opportunity to contribute to this Inquiry and to be involved in the continuing consultation process. Please do not hesitate to contact me on if there is any further information you require.

Yours sincerely

Steve Sant
Chief Executive Officer