



The Hon Jillian Skinner MP
Minister for Health
Minister for Medical Research

P12/166

Senator Helen Polley
Chair
Standing Committee on Finance and Public Administration
Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Senator Polley

**Inquiry into National Health Reform Amendment
(Administrator and National Health Funding Body) Bill 2012**

Thank you for your letter inviting a NSW Government submission on the inquiry by the Senate Standing Committee on Finance and Public Administration (Legislation Committee) into the National Health Reform Amendment (Administrator and National Health Funding Body) Bill 2012.

The NSW Government notes that the Commonwealth Bill has been prepared following consultations with all jurisdictions on the basis of the 2011 National Health Reform Agreement (NHRA). It is also noted that the Commonwealth legislation will complement States and Territories legislation, which is being progressed with a view to commencement of legislation in all jurisdictions by 1 July 2012.

I am advised that there may be changes to the Bill in light of further discussions between the Commonwealth, States and Territories currently underway.

The NSW Government does not wish to make a substantial submission on the Bill at this time. However, I offer the following general observations on a number of the principal issues the Committee has under consideration.

Role of the Funding Body and the Administrator

The NHRA sets out the functions and responsibility of the Administrator and the Funding Body, and matters which should be addressed in Commonwealth, States and Territories legislation. The provisions in the Commonwealth Bill regarding the Administrator and the Funding Body are subject of continuing discussion between the Commonwealth and the States.

Justification for the establishment of additional bureaucracy

The NHRA sets out the requirements for establishment of the National Health Funding Body (NHFB) and its staffing. The agreement provides clear, defined and limited roles for the National Health Funding Administrator and the NHFB.

It is essential that the resources attached to the NHFB be strictly limited to its agreed "sole function" to assist the National Health Funding Administrator in carrying out his or her functions under the Commonwealth and State legislation (Clause B42, NHRA).

Administrative requirements for the Commonwealth, States and Territories

The NHRA sets out certain administrative arrangements which have been agreed. These matters are particularly addressed in Division 2 of the Commonwealth Bill concerning financial management and reporting. It is important that the Bill remain consistent with the NHRA and does not lead to additional administrative requirements which were not agreed to under the NHRA.

Transparency and efficiency of processes in administering funding

The NSW Government is strongly committed to transparency of public hospital funding through a National Health Funding Pool and a nationally consistent approach to Activity Based Funding, as agreed under the NHRA. It is also critical that efficient processes be built into the new funding systems. A Commonwealth, States and Territories Working Group has been established to ensure that efficient payment systems are in place from 1 July 2012.

I trust the above advice is of assistance. It would be appreciated if you could please provide me with a copy of the Committee's report when available, as the findings may also be relevant to the legislation being developed in States and Territories.

The person to contact at the Ministry of Health for further information or assistance is Geoff Barnden, Director of the National Health Reform Transition Office, on 9424 5789.

Yours sincerely

Jillian Skinner MP