



Australian Government

Department of the Prime Minister and Cabinet

ONE NATIONAL CIRCUIT
BARTON

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

RESPONSES TO QUESTIONS TAKEN ON NOTICE **Inquiry into COAG Reforms Relating to Health and Hospitals, 7 June 2010**

The Department of the Prime Minister and Cabinet appeared at the Senate Standing Committee on Finance and Public Administration's Inquiry into COAG Reforms Relating to Health and Hospitals on 7 June 2010. The index provided to the Department following the hearing contained 38 questions on notice.

Attached are answers to PM&C 7, 10, 11, 12, 13, 14, 15, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32 and 33.

As you would be aware, PM&C 1, 2, 3, 4, 6, 8, 9, 16, 34, 35, 36, 37 and 38 were referred to the Department of Health and Ageing, and PM&C 5 was referred to the Treasury.

~~The Department~~ has no outstanding responses to the Inquiry.

Mr Ben Rimmer
Deputy Secretary
Strategic Policy and Implementation Group

16 June 2010

Senate Finance and Public Administration Committee

ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question no: PM&C 1, 2, 3, 4, 6, 8, 9, 16, 34, 35, 36, 37 and 38

Topic: Health reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 2

Senator Fierravanti-Wells asked:

1. Within the \$5.4 billion Commonwealth funding what measures are new spending? Please including the inputs, assumptions and modelling underpinning these funding amounts?
2. Within the \$5.4 billion Commonwealth funding what is re-directed from existing programs and or areas? What is the impact on these existing programs?
3. What are the projected savings in existing health programs across the forward estimates from these new financial arrangements, please including the inputs, assumptions and modelling underpinning these funding amounts?
4. What is the projected number of additional and new services this additional funding will provide:
 - in elective surgery treatments;
 - in emergency department treatments;
 - in expected numbers of patients to sign up to the diabetes spending measure; and
 - number or general practitioner (GP) treatments in aged care facilities.

Please provide the inputs, assumptions and modelling underpinning these projections for all the above measures?

6. Within the National Health and Hospitals Network please provide the names, roles, structures, operations, resourcing, funding and staffing of any new statutory bodies, organisations or other entities needed to establish, oversee, monitor, report upon or administer the National Health and Hospital Networks, Primary Care Organisations and the funding channels to be established under the COAG agreements?
8. Who will have final approval of the number and size of Local Hospital Networks in each state and territory?
9. Please provide the number of hospitals which will receive: activity-based funding, block grant funding, or a mix of both?

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16. What was the model for the cost of subacute beds negotiated and agreed with the States at COAG for the \$800million extra funding? What were the assumptions used to develop the model and what were the reasons for the development of a new model given the earlier costings by the Dept of Finance and Deregulation?
34. What percentage of public hospitals in Australia have block funding. Please provide a list of them in each State.
35. What documents have been provided to the Commonwealth or to any Commonwealth Minister by any State or Territory department or Minister in relation to any hospital closure/s including when they were provided and by whom were they provided. Please provide copies of such documents.
36. Please provide details of all discussions between State and Territory Departments or Ministers and Commonwealth Departments or Ministers in relation to the formation, location or boundaries of the local hospital networks, including any documents or other records of the Commonwealth or provided to the Commonwealth by any State or Territory.
37. Please provide details of any modelling provided by any State or Territory or available to the Commonwealth or prepared by the Commonwealth in relation to case mix funding.
38. Further to the evidence given at the hearing, please provide details of all discussions between the Commonwealth and NSW regarding the future of the current Area Health Services including copies of any letters, documents or other information.

Answer:

These questions will be addressed by the Department of Health and Ageing.

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ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question no: PM&C 5

Topic: Health reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 1

Senator Fierravanti-Wells asked:

2. Within the \$15.6 billion top-up payments guaranteed to the states by the Commonwealth in the period 2014-15 to 2019-20, please provide the breakdown of expenditure relating to:
 - hospitals;
 - outpatient services;
 - capital expenditure;
 - GP and primary healthcare;
 - aged care; and
 - other areas of health expenditure.

Answer:

These questions will be addressed by the Treasury.

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ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question no: PM&C 7

Topic: Health reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 1

Senator Fierravanti-Wells asked:

What arrangements are in place, or are being negotiated for states that have not signed up, nor fully signed up to the COAG agreements, including what contingencies have been put in place for states that may want to alter agreements in future?

Answer:

The Commonwealth and all State and Territory governments, with the exception of Western Australia, agreed to sign the National Health and Hospitals Network (NHHN) Agreement on 20 April 2010.

Discussions relating to the NHHN Agreement are continuing between the Commonwealth and Western Australia governments, and Western Australian officials have been involved in multilateral discussions between the Commonwealth and all states and territories regarding implementation.

Clause C21 of the NHHN Agreement allows for a review of funding arrangements 5 years from the commencement of the new public hospital funding arrangements or earlier if agreed by COAG.

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ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question no: PM&C 10

Topic: Health Reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 1

Senator Fierravanti-Wells asked:

When was the Prime Minister's hospitals and health plan revealed to the states and territories?

Answer:

The Commonwealth and State and Territory governments have worked collaboratively on health reform since November 2007. In November 2008, COAG agreed to the first stage of health reform outlined in the National Healthcare Agreement and related National Partnership agreements.

Following the release of the final report of the National Health and Hospitals Reform Commission in July 2009, COAG commenced discussion of longer-term reform directions for the Australian health system at its meeting in December 2009.

Informal discussions occurred through 2009 and early 2010 before formal negotiations on the National Health and Hospitals Network (NHHN) commenced in February 2010 with the establishment of the COAG Health Reform Working Group. Substantial elements of the NHHN agenda were discussed by this Working Group from February 2010, before the Commonwealth's comprehensive offer was publically released on 3 March 2010 and 12 April 2010 with the publication of the documents: "A National Health and Hospitals Network for Australia's Future" and "A National Health and Hospitals Network for Australia's Future: Further Investments in Australia's Health."

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ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question no: PM&C 11, 12 and 29

Topic: Health Reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 2

Senator Fierravanti-Wells asked:

11. Mr Rimmer stated on 25 May 2010 that there were four formal meetings of the health reform working group that he leads and that the first was held on the 5 February 2010. Please provide the dates of the remaining three meetings and who attended the meetings, include all agencies represented and State and Territory representatives?
12. Who from the Prime Minister's office and the Minister for Health's office attended some or all of these meetings?
29. How did the Commonwealth actively engage with the states on health reform and how many meetings were conducted and who attended, please provide by State and Territories? In respect of these meetings;
 - Were meetings held within the Prime Minister's office and who was involved from the Prime Minister's office?
 - Were the Department of Health and Ageing involved?
 - Were Treasury involved?
 - Was the Minister for Health involved?

Answer:

Following the release of the final report of the National Health and Hospitals Reform Commission in July 2009, COAG commenced discussion of longer-term reform direction for the Australian health system at its meeting in December 2009.

In early 2010, the Minister for Health and Ageing held bilateral discussions with state and territory First Ministers and Health Ministers. These meetings were attended by Minister Roxon's staff, and Commonwealth and State or Territory officials from Health and First Minister's departments.

Formal negotiations on the National Health and Hospitals Network (NHHN) commenced in February 2010 with the establishment of the COAG Health Reform Working Group. This working group comprised Commonwealth and state and

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territory officials from First Minister's departments, health departments, and treasuries. The working group met on the following dates:

- 5 February 2010
- 5 March 2010
- 19 March 2010
- 29 March 2010

The COAG Health Reform Working Group established three subgroups (covering primary care, hospitals and financial impacts and costings) to progress specific elements of the NHHN agenda. These subgroups comprised Commonwealth and state and territory officials from First Minister's departments, health departments, and treasuries. The subgroups met regularly by teleconference or telepresence in the months before the April COAG meeting.

The Heads of Treasuries and their deputies forum also met in parallel with the COAG Health Reform Working Group to consider aspects of the NHHN agenda relevant to federal financial relations.

Following the final COAG Health Reform Working Group meeting, the COAG Senior Officials group and their deputies forum (comprising Commonwealth and state and territory officials from First Minister's departments) met on several occasions to finalise the NHHN Agreement and related material for COAG consideration.

No staff from the Prime Minister's office or Health Minister's office attended the officials meetings.

Finally in the lead up to the April COAG meeting a series of bilateral meetings and teleconferences were held as required. These meetings involved a combination of the Prime Minister, the Minister for Health and Ageing, state and territory First Ministers and Health Ministers. The face to face meetings were attended by ministerial staff and Commonwealth and state or territory officials from First Minister's and health departments.

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Department of the Prime Minister and Cabinet

Question no: PM&C 13 and 14

Topic: Health reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 1

Senator Fierravanti-Wells asked:

13. Who within the Department of Prime Minister and Cabinet provided final sign off of the first and second versions of A National Health and Hospitals Network for Australia's Future?
14. Who within the Department of Prime Minister and Cabinet provided final sign off of the National Health and Hospitals Network for Australia's Future?

Answer:

Officials within the Department of the Prime Minister and Cabinet did not provide final sign off of the three publications on the National Health and Hospitals Network. The Prime Minister, Minister for Health and Ageing and the Treasurer authorised the publication of all three documents:

- A National Health and Hospitals Network;
- A National Health and Hospitals Network: Further Investments in Australia's Health; and
- A National Health and Hospitals Network: Delivering Better Health and Better Hospitals.

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Department of the Prime Minister and Cabinet

Question no: PM&C 15

Topic: Health Reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 1

Senator Fierravanti-Wells asked:

In relation to health reform who was consulted within the office of the Prime Minister, what instructions were provided from the office of the Prime Minister?

Answer:

The Department of the Prime Minister and Cabinet provided advice to, and consulted with, the Prime Minister and his office on a regular basis, during the development and negotiation of the National Health and Hospitals Network agenda.

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ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question no: PM&C 17, 18, 19 and 20

Topic: Health reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 1

Senator Fierravanti-Wells asked:

17. Who requested and when and which agencies were asked to provide savings to fund for the National Health and Hospitals Network?
18. When and by whom provided advice to the Prime Minister on the plain packaging measure on cigarettes?
19. When and by whom provided advice to the Prime Minister on the measure to increase tobacco excise tax to provide funding for health reform?
20. Did the Prime Minister request advice on conducting a health reform plan communication campaign, if so when and was this advice prepared by the Department of Prime Minister and Cabinet or the Department of Health and Ageing?

Answer:

The information requested formed part of Cabinet deliberations in the context of the 2010-11 Budget and cannot be made available to the Committee on the basis of public interest immunity grounds that a response may disclose deliberations of the Cabinet which have not been officially published.

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ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question no: PM&C 21

Topic: Health Reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 1

Senator Fierravanti-Wells asked:

What instructions did the Department of Prime Minister and Cabinet receive from the incoming government on health reform and the incoming government's election commitments on health?

Answer:

Prior to the 2007 Federal election, the Australia Labor Party made a range of election commitments in relation to health including the establishment of a National Health and Hospitals Reform Commission to develop a long term health reform plan. The Department of the Prime Minister and Cabinet provided advice to the incoming government on a range of election commitment matters including health reform. Further advice was provided in the lead up to the Council of Australian Governments meeting in December 2007.

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ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question no: PM&C 22, 23, 24, 25 and 26

Topic: Health reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 2

Senator Fierravanti-Wells asked:

22. When did the Department of Prime Minister and Cabinet first commence work on the establishment of the National Health and Hospitals Commission?
23. Within the Department of Prime Minister and Cabinet who was responsible for the work on the National Health and Hospitals Commission?
24. Who was the key driver on the National Health and Hospitals Commission, the Department of the Prime Minister and Cabinet or the Department of Health and Ageing?
25. How did the Department of Prime Minister and Cabinet interact with the Department of Health and Ageing in relation to the Commission?
26. When did the Department of Prime Minister and Cabinet start that interaction with the Department of Health and Ageing in relation to the reform commission's work?

Answer:

The establishment of the National Health and Hospitals Reform Commission (NHHRC) was announced in Australian Labor Party 2007 election commitment documentation.

The Department of the Prime Minister and Cabinet (PM&C) provided advice to the incoming government on a range of election commitment matters including the NHHRC. Further advice was provided in the lead up to the Council of Australian Governments meeting in December 2007. Social Policy Division within PM&C had responsibility for providing advice on this issue.

The Department of Health and Ageing (DoHA) was responsible for the establishment of the National Health and Hospitals Reform Commission, including providing secretariat services.

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Following the formation of the Government in late 2007 PM&C and DoHA worked closely on the issues relating to the NHHRC.

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ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question no: PM&C 27 and 28

Topic: Health Reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 2

Senator Fierravanti-Wells asked:

27. What was the Department of Prime Minister and Cabinet's role in the 21 visits undertaken by the Prime Minister as part of the health reform consultation process?
28. Were the number and location of the visits selected by the Prime Minister or Minister for Health and Ageing and their advisers?

Answer:

The health reform consultations were agreed between the offices of the Prime Minister and the Minister for Health in consultation with the Department of Health to ensure a broad sample of hospitals and health services to meet the Prime Minister's commitment in his speech on 27 July 2009:

"The Minister and I will now engage directly with the nation's major hospitals in each of our capital cities.

This will begin tomorrow when the Minister and I visit Royal North Shore Hospital in Sydney, the first of a series of consultations with around 25 major metropolitan teaching hospitals around the country.

The Minister and I believe that we need to hear first-hand from those in the front-line of health and hospital care – warts and all. I'm sure a lot of what we hear won't be pretty.

And I'm sure we'll also hear many of the good things our health and hospital systems are doing as well. We want to hear directly their response to the various recommendations contained in this report.

In addition, the Government will be consulting directly with a representative group of rural, regional and private hospitals as well our health professionals, community health services and other critical parties to the debate."

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Department of the Prime Minister and Cabinet

The Department of the Prime Minister and Cabinet provided briefing for the Prime Minister for these meetings.

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ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question no: PM&C 30 (Referred from DoHA)

Topic: Health Reform

Type of Question: Written question on Notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 1

Senator Fierravanti-Wells asked:

Did the State and Territories request that clinicians not be included specifically in the wording of the agreement in relation to governing councils and Local Hospital Networks?

Answer:

The Commonwealth and all states and territories, excluding Western Australia, agreed to the establishment of the National Health and Hospitals Network (NHHN), at the COAG meeting of 19 and 20 April 2010.

As outlined in the NHHN Agreement (Clause A10 b ii.), COAG agreed that Governing Councils will comprise members with an appropriate mix of skills and expertise, including clinical expertise.

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Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question no: PM&C 31 (Referred from DoHA)

Topic: Health Reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 1

Senator Fierravanti-Wells asked:

The IGA includes agreement that there will be no net increase in bureaucracy across Commonwealth and state governments as a proportion of the ongoing health workforce – how will this be monitored? What is the penalty for the States and Territories not complying with this agreement?

Answer:

The Commonwealth will ensure that there is no net increase in Commonwealth bureaucracy as a proportion of the ongoing health workforce.

State and territory governments have committed under the National Health and Hospitals Network Agreement to implement reforms with no net increase in bureaucracy across state and territory governments as a proportion of the ongoing health workforce. There will be further discussions between the Commonwealth and states and territories on this matter.

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ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question no: PM&C 32 (Referred from DoHA)

Topic: Health Reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 1

Senator Fierravanti-Wells asked:

When did the Commonwealth government agree to allow state governments to have full responsibility for appointments to the LHN governing councils? Will state and territory governments call for nominees from relevant professional and consumer bodies?

Answer:

The Commonwealth government announced on 3 March 2010 in the document *A National Health and Hospitals Network for Australia's Future* (pg 63) that "Council Members will be appointed under state legislation."

The Commonwealth has not changed its position.

The nomination process for governing council members is still being finalised. On 28 May 2010 the Prime Minister announced that Lead Clinician Groups (groups of local health professionals - doctors, nurses and allied health professionals – who will advise Local Hospital Networks on improving safety and quality and the implementation of national best practice) will be approached to nominate clinicians to sit on the Governing Council of their Local Hospital Network.

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ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question no: PM&C 33 (Referred from DoFD)

Topic: Health reform

Type of Question: Written question on notice

Date set by the committee for the return of answer: 10 June 2010

Number of pages: 1

Senator Fierravanti-Wells asked:

I understand that the National Funding Authority falls under the Financial Management and Accountability Act 1997, in this respect will the staff be employees of the Australian Public Service and if so how many staff will be employed?

Answer:

Following further discussions between the Commonwealth and States and Territories it has been agreed that the National Funding Authority is not required and will not be established.

Payments from the National Health and Hospital Network (NHHN) Fund to State NHHN Funding Authorities, and through them to Local Hospital Networks, will be reported transparently in Commonwealth Budget documentation.