Department of Health and Ageing

Submission to the Inquiry into a new regional development program

Introduction

The Department of Health and Ageing's submission to the *Inquiry into a new regional development program* addresses Term of Reference four (4):

- *Examine the former government's practices and grants in the Regional Partnerships Program after the audit period of 2003-2006 with the aim of providing advice on future funding of regional programs.*

This submission focuses on the Rural Medical Infrastructure Fund (RMIF), which was the only component of the Program with direct relevance to the Health and Ageing portfolio.

Background

The RMIF was an initiative announced by the former government in the 2005-06 Federal Budget, under the *Investing in Stronger Regions* program. Funding of $15 million over three years was allocated to the RMIF. This was the first comprehensive attempt by the Commonwealth at funding medical infrastructure in rural and remote communities beyond pilot projects.

The aim of the RMIF was to assist small rural councils to establish "walk-in walk-out" community medical facilities, making it easier to recruit or retain general practitioners (GPs). In addition to providing essential infrastructure, local councils provided practice management support, reducing the financial burden on GPs willing to relocate to small rural communities. Initially, the RMIF could contribute up to $200,000 to the costs incurred by local councils to purchase and fit-out facilities for communities with populations of under 10,000, providing continuity of practice management regardless of doctor turnover.

The RMIF was administered by the former Department of Transport and Regional Services (DOTARS), (now the Department of Infrastructure, Transport, Regional Development and Local Government) through the *Regional Partnerships Programme,* and commenced on 1 July 2005.

Including the RMIF as a component of the *Regional Partnerships Programme* was an opportunity to address the inadequacies of local infrastructure by encouraging communities to consult more widely to identify service needs and to take a coordinated approach to community infrastructure planning.

The following comments are based on DoHA's experience and involvement in the assessment of applications received under the RMIF.

Department of Health and Ageing Involvement with the RMIF

Given the focus of the RMIF was to provide small rural communities with an opportunity to improve access to medical services, the former DOTARS sought advice from DoHA in relation to the assessment of applications received, particularly on the practice management model and potential viability of each project. This was to ensure that the merits of each application were fully considered and that financial assistance was targeted as effectively as possible. To formalise this process, the RMIF Interdepartmental Reference Group was established. The Terms of Reference for the Reference Group were to:

- identify linkages between the RMIF, rural health and primary care programmes, and help ensure that the programmes are complementary and avoid duplication and overlaps;
- develop, agree and review a process for providing DoHA input on RMIF applications;
- provide feedback on the implementation of the RMIF; and
- provide regular updates on relevant policy and programme development and implementation.

It became apparent from the outset that the guidelines underpinning the RMIF were not generating the level of interest in the program that had originally been anticipated. In particular, a number of local councils considered that the provision of health services was not their responsibility.

DoHA suggested a range of strategies for increasing the uptake of funding under the RMIF, including:

- administering the RMIF as a competitive grant program, as DoHA's experience was that competitive grant rounds provided greater certainty for applicants, who were generally clearer about both the requirements of the application and the timing of the process;
- increasing the funding cap to $500,000 per application;
- broadening the criteria to allow Divisions of General Practice and communities with populations of up to 15,000 to apply for funding;
- relaxing the requirement for "partnership funding" under the eligibility criteria, and placing more emphasis on "in kind" contributions and other partnership arrangements such as the sharing of resources to support a service in rural and remote communities; and
- targeting the promotion of the RMIF to the Divisions of General Practice network, the Rural Doctors' Association of Australia, Rural Workforce Agencies, the Australian Medical Association (AMA), and the Australian Local Government Association.

On 22 August 2006, the former government announced changes to the guidelines of the RMIF, with the aim of increasing the number of applications. These changes included:

- increasing the funding cap from $200,000 to $400,000;
- expanding the eligibility criteria to allow local Divisions of General Practice to apply for funding;

- the explicit inclusion of Indigenous Community Councils as eligible applicants;
- the inclusion of medical facilities for allied health professionals, i.e. RMIF projects could contribute to the recruitment and/or retention of allied health professional services, without the requirement that there must be a medical practitioner included in the clinic;
- a reduction in partnership contributions in circumstances where a community is facing unusual challenges, such as being a very small community, being remote, having a low average income base or low rate base; and
- allowing funding of residential housing under clearly defined circumstances:
    - the community is in a remote or very remote area
    - the community is at least 50 kilometres or 30 minutes travel from the nearest clinical practice
    - there is no suitable housing available from either the private or government sector
    - the RMIF contribution to the residential property is capped at 30% of the total cost of the residence, and
    - the property may not be sold for seven years following the release of funds.

Following the implementation of these changes, more interest was shown in the RMIF; although, the number of applications approved did not increase significantly. As at 15 April 2008, a total of 27 RMIF projects to the value of $5,172,824 (GST exclusive) had been contracted for funding.

National Rural and Remote Health Infrastructure Program

During the election, the Government committed to reforming the RMIF to ensure that funding was provided to rural and remote communities where the lack of infrastructure was a barrier to the establishment of new, or the enhancement of existing, health services. As a first step in the process, the Government transferred administration of the RMIF, with remaining funding of $9.4 million to 30 June 2009, from the Department of Infrastructure, Transport, Regional Development and Local Government (DITRDLG) to the Health and Ageing portfolio.

In the 2008-09 Federal Budget, the Australian Government announced the establishment of the National Rural and Remote Health Infrastructure Program (NRRHIP), which will direct more than $46 million over the next four years to the provision of essential health infrastructure, equipment and service planning in rural and remote communities.

The NRRHIP is an amalgamation of the RMIF and the Rural Private Access (RPA) programs, and will encompass the broadened eligibility criteria for the RMIF announced by the Government, as well as criteria relating to the RPA program. The RPA program was a competitive grant program that provided financial support to private practitioners to improve rural and remote community access to privately insurable health services, and to small private rural hospitals where viability was under threat. Funding was provided for capital works, equipment purchases and strategic service planning.

The NRRHIP is to be implemented as a competitive grant program, building on the success of the RPA program, and drawing on lessons learnt from the RMIF in relation to the challenges of setting up health services in small rural communities. This should make it easier for applicants to understand the assessment process, and ensure transparency and equity in the decision-making process.

The guidelines for the NRRHIP, currently under development, will reflect the Government's election commitments to:

- increase the cap on grants to $500,000 per application, and relax the requirements for matching funding to recognise that many communities – particularly in drought affected areas – have difficulty raising the matching funds;
- include communities with populations of up to 20,000;
- allow Divisions of General Practice and local government organisations to apply for program funding for facilities which are located on hospital or health campus grounds; and
- allow private practices to apply for funding where it will be used for training facilities for medical students.

Small rural private hospitals previously eligible for funding under the former Bush Nursing, Small Community and Regional Private Hospitals Program, and the Rural Private Access Program, will be eligible for funding under the NRRHIP.

Guidelines and governance arrangements to support the NRRHIP will be considered and approved by the Minister for Health and Ageing prior to implementation in the second half of 2008.

The Department of Health and Ageing will be happy to provide further information about any of the issues raised in this submission.

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