



WESTERN AUSTRALIAN
LOCAL GOVERNMENT ASSOCIATION

**Western Australian Local Government Association
Submission**

House of Representatives Standing Committee on Health and Ageing

Inquiry into Health Funding

May 2005

Western Australian Local Government Association
15 Altona Street WEST PERTH WA 6005
PO Box 1544 WEST PERTH WA 6872
Tel: +61-8-9321 5055
Fax: +61-8-9322 2611
info@walga.asn.au

Introduction – The WA Local Government Association

The West Australian Local Government Association is the united voice of Local Government in Western Australia. The Association is an independent, membership-based group representing and supporting the work and the interests of 144 Local Governments.

The Association provides an essential voice for almost 1,400 elected members and over 12,000 employees of the 142 Local Governments in Western Australia and Christmas Island and Cocos (Keeling) Island Councils. The Association also provides professional advice and offers services that provide financial benefits to the Local Governments and the communities they serve.

Inquiry into Health Funding

The Committee shall inquire into and report on how the Commonwealth Government can take a leading role in improving the efficient and effective delivery of highest-quality health care to all Australians. The Committee shall have reference to the unique characteristics of the Australian health system, particularly its strong mix of public and private funding and service delivery.

Definition – health care services

We submit that health care services include preventative health services such as environmental health along with primary health care.

Submission to this Inquiry

- This submission will give particular consideration to the roles and responsibilities of Local Government in health care funding.
- The submission is based on the premise that:
 - all Australians regardless of geographic location or socio-economic status should have access to appropriate health care
 - Commonwealth Government should provide universal health care to all residents
 - Due to market failure there is a role for Government to take a leading role in improving the efficient and effective delivery of health care.
 - There is a core difference between regionalism and regionalization. Regionalism is where people in regions are able to control what happens in their regions. Regionalization is the effort made by State and Commonwealth Governments to organise their administration on a spatial basis
 - Local Government is the only democratic institution that fosters true regionalism.

Response to the Terms of Reference

(a) The roles and responsibilities of the different levels of government (including local government) for health and related services;

- Efficient and effective health care delivery can only occur when there is:
 - Clarity about the roles and responsibilities of different spheres of Government
 - Co-ordination between spheres of government for health services
- The nature of economic development policies in Australia is changing and increasingly they have a regional scale and focus. The driving changes are two key issues: globalisation and sustainable development. While Australia does not have formalised structures of government at a regional scale, it

has become clear that many tasks need to occur at this level. Local Government is increasingly having a pivotal role in the delivery of national strategies such as National Resource Management, Road Infrastructure at a regional level. The emerging regional governance arrangements challenge the conventional operating environments of the State and Commonwealth.

- Local Government has a key role in the provision of environmental health.
- Local Government, due to the inability of State and Commonwealth Government to clarify their roles and responsibilities in relation to primary health care, has become involved in the provision of primary health care provision.
- There is increasing pressure on Local Government to support mental health services.
- There is a need to determine if the principle of subsidiary is applicable in the delivery of health care services and to formally discuss and clarify the role of Local Government in relationship to the Commonwealth and States.

Environmental Health

- Australia has a number of intergovernmental agreements and strategies to improve community environmental health outcomes including:
 - National Public Health Partnership
 - National Environmental Health Strategy
 - Aboriginal Environmental Health strategies
- The Commonwealth needs to take a stronger role to ensure that national strategies are implemented – this includes assistance with funding and resources to Local Government.
- The Commonwealth and States need to monitor outcomes under the agreements to ensure accountability for appropriate and contemporary environmental health frameworks.
- Intergovernmental agreements need to be honored - for national strategies to be implemented adequately, funding and resources for environmental health service provision needs to be allocated by both State and Commonwealth Governments.

Example: Immunization

- Immunization is an public health issue
- There is confusion around the role of Local and State Government and private GPs and Medicare rebates in relation to immunization services
- Roles and funding disparities need to be clarified

Example Child Health Services

- Lack of clarification between State and Local Government for the provision of Child Health Centres

Environmental Health in Western Australia

- The Western Australia Health Act (1911) defines a legislative role for State and Local Government in public health. Environmental Health Services include:

Programme	Sub programme
Food	Food Premises Assessments
	Food Sampling
	Meat Inspection
	Notifiable Diseases
Disease control	Immunisation
	Hairdressing and Skin Penetration
Waste Management	Effluent Disposal
	Liquid Waste
	Refuse Collection
	Refuse Transfer / Disposal

	Waste Minimisation (recycling)
Water	Water Surveillance
	Public Swimming Pools
Accommodation	Public Buildings
	Accommodation
Vector and Pest Control	Vector and Pest Control
	Pesticide Safety
Health promotion	Health Promotion
Other	Offensive Trades and Pet Food Establishments
	Emergency Management

Issues for Local Government in Environmental Health roles and responsibilities

Outdated Legislation

- All Australian States, except Western Australia, have contemporary public health legislation which is concise, generic and based on a risk to health.
- Western Australia needs as a priority new public health legislation based on contemporary understandings of public health.
- The Health Act needs to clarify the roles and responsibilities of State and Local Government.
- Western Australia has not adopted a new Food Bill.

Role of the State Government and Local Government

- Environmental Health resources in the Department of Health to support Local Government have declined.
- The 2004 Report of the Health Reform Committee – A Health Future for Western Australia (Reid Report), a blue print for our State's health system, does not adequately recognize the role of environmental health as a preventative tool.
- Local Government's functions in environmental health have increased by stealth due to State Government shifting responsibilities onto Local Government without a corresponding allocation of resources and funding. For example, the State Government through legislative change has increased the complexity of or standard at which a local government service must be provided and hence increases its cost without demonstrating change will lead to more improved public health outcomes
Example: State Government introduced new Public Building Regulations. The new definition of a public building captured buildings that were previously not defined as public buildings. This has significantly increased the workload of Local Government staff requiring additional staff and resources, without an increase to public health and safety or increase public safety outcomes.

Aboriginal Environmental Health

- In Western Australia the Health Act does not bind the Crown
- Most Aboriginal communities in Western Australia are located on a single parcel of Crown Reserve land managed by the Aboriginal Lands Trust.
- Local Government has no legislative authority to apply the Health Act on Aboriginal communities
- State Government and non Government agencies do not fulfill this legislative role
- Consequence - laws to protect public health and safety do not apply to Aboriginal communities
- Roles and Responsibilities of Local Government, State Government and non government health services in delivering environmental health services to Aboriginal communities needs to be clarified – at present there is a plethora of agencies providing environmental health services
- It is appropriate for Local Government, due to its expertise and legislative authority, to undertake environmental health services to Aboriginal communities
- Local Government needs appropriate funding to undertake this role

Primary Health

- Primary health provision that is the funding of doctors, nurses and allied professionals is not a Local Government responsibility.
- Local Government becomes involved in this issue from a regional development perspective, filling a State/Commonwealth health care provision gap.
- If a Council is undertaking this role, then they are diverting resources from their core role, including environmental health and other health related roles (recreation, community development etc)
- Councils in Western Australia are financially supporting the provision of doctors into their communities through
 - The provision of land
 - Capital expenditure on housing and surgeries
 - Operational Costs
 - Considerable staff time and resources
- Whilst general practice is a private business there is a raft of policy options that the State and Commonwealth Government can undertake to encourage the provision of doctors to rural and regional areas.
- If roles and responsibilities of the State and Commonwealth were clear and policy instruments fully utilized then Local Government would not need to undertake this role
- If it is agreed that this is a role for Local Government then Local Government should be fully funded to do this.

Health Related Services – Local Government's focus on wellness not sickness

- Local Government undertakes a number of functions that focus on community health and well being and build social capital i.e. youth, recreation and community development services
- Local Government is a core provider of recreation infrastructure including parks and gardens, footpaths, recreation centre, swimming pools
- Local Government's role has positive, preventative health outcomes
- The role of preventative health, from a holistic perspective, should be acknowledged and strengthened
- To address national health issues such as obesity, diabetes etc funding should be provided to support Local Government's recreational infrastructure and development programmes to increase active and passive physical activity in the community

b) Simplifying funding arrangements, and better defining roles and responsibilities, between the different levels of government, with a particular emphasis on hospitals;

- Poor co-ordination between State and Commonwealth for health care provision have been identified as leading to escalating costs and inefficient use of funds due to duplication of services
- There is a need to determine what sphere of Government should be responsible for health care services and to formalize these arrangements

Funding for Local Government to undertake environmental health duties

- Fees and charges set by regulation under the Western Australia Health Act (1911) do not reflect the true cost to Local Government for providing these services.
- There is no capacity for Local Government to undertake cost recovery as Councils have no control over setting these fees.
- Local Government should be given the legislative autonomy to set fees and charges for environmental health services.

Local Government Rating of Hospitals

- Many private hospitals claim charitable status under section 6.26 of the Western Australian Local Government Act (1995) and Councils are not able to levy rates on these properties
- Local Government contends that in the first instance all land should be ratable based on the use of the land
- Rate exemptions effectively amount to a Council subsidy for the recipient organizations that is largely hidden from the general residents and ratepayers of a Local Government and as such is not conducive to encouraging an environment of openness and accountability between the council and its community.
- If this is a statewide issue that private hospitals required a financial subsidy equivalent to a rate reduction then financial support should be forthcoming from the State rather than Local Government

Funding of Local Government services

- The constitutional allocation of taxing powers and expenditure responsibilities are not aligned resulting in vertical fiscal imbalance.
- In this context intergovernmental grants, are an important element of Local Government funding.
- The House of Representatives Standing Committee on Economics, Finance and Public Administration Report, *Rates and Taxes: A Fair Share for Responsible Local Government, 2003 (Hawker Report)* found that escalating costs and constrained funding along with a growing community expectations/funding gap threatens the future of efficient and responsive Local Government. These reaffirmed the findings of the Commonwealth Grants Commission 2001 review into the operation of the Local Government Financial (Assistance Act) Act 1995. In particular:
 - Commonwealth Financial Assistance Grants (FAGS) to Local Government are an important source of Local Government revenue
 - Councils have worked to increase their revenue raising capacity –however many rural and regional Councils have a limited ability to raise funds through fees and charges and rates and are dependent on FAGs
 - The current FAGs program does not provide local government with sufficient growth in funding to meet increasing demand. The CPI-based escalation methodology has seen FAGs steadily decline as a proportion of total Commonwealth taxation revenue.
 - FAGS funding does not provide Local Government with a source of revenue that meets existing demand
 - The quantum of funding based on an equalization principle is not keeping pace with the change in Local Government's role
 - There is a need for adequate Commonwealth funding to assist Local Government in providing services

Adequate Commonwealth funding would assist Councils in their core role of creating healthy, inclusive communities:

- Provision of adequate recreational and sporting infrastructure to address preventative health issues through increased physical activity.
- Provision of recreational programmes to address preventative health issues through increased physical activity.
- Community development activities to build community cohesion and capacity building

Special Grant Programmes

- The introduction of Commonwealth special grant programmes such as a Local Government development, programme or infrastructure grants where Councils could access specific funds for infrastructure or activities around preventative health would support Councils in the provision of preventative health services.
- Such a grant would need to be adequately funded
- There could be an opportunity to undertake this programme in partnership with the States –current models for tri-partite funding exist in emergency management and mitigation programmes

Local Government Environmental Health Services to Aboriginal communities

- Councils in Western Australia that have remote, discrete Aboriginal communities are the least able to raise their own revenue
- There is a need for additional funding support to Councils to provide environmental health services to Aboriginal communities
- State Government funding of the Aboriginal Environmental Health Programme does not meet current needs. The programme has lost \$2 Million dollars since its inception
- Commonwealth funding needs to take into consideration the additional costs of providing environmental health services to Aboriginal communities

Aged Services

- Funding for Home and Community Care Programmes is inadequate for the role it is to undertake
- Local Government, when delivering a HACC service, often has to supplement the service with funds and resources.
- Operational funding for aged care facilities, in particular in the regions, is inadequate – Local Government is asked to supplement the services with funding

The WA Local Government Grants Commission

The WA Local Government Grants Commission has introduced two health disability factors:

- Aboriginal environmental health allowance
- Rural Medical Allowance
- Funding is distributed based on relative need not absolute need.
- Funds fall short of the actual requirements to full equalize services.
- Despite disability allowances, the majority of Councils in Western Australia do not receive adequate funding to meet their needs.

State Grants to Local Government

- The Hawker Report found that the level of States' grants to Local Government has failed to keep pace with changing responsibilities and cost increases.
- There is a need for greater State Government grants to increase to support Local Government in their environmental health role.

Funding of Primary Health Care

- Whilst general practice is a private business there is a raft of policy options that the State and Commonwealth Government can undertake to encourage the provision of doctors to rural and regional areas. A number of these are in place– these could be strengthened to encourage medical practitioners

- to the regions. For example the employment of more salaried doctors to address shortages in the regions, increase of visiting medical practitioner agreements between private GPs and State hospitals
- Cost Shifting occurs when Local Government agrees to provide a service on behalf of Government but funding is subsequently reduced or stopped, and local government is unable to withdraw because of community demand for the service. The second is where, for whatever reason, another sphere of government ceases to provide a service and local government steps in.
 - The new Rural Medical Infrastructure Fund is a potential cost shifting exercise. The provision of infrastructure for Doctors is not core Local Government responsibility. Government by partly funding this initiative is shifting the cost onto Local Government. There is a raft of other policy instruments that could have been utilized to ensure that Local Government was not left with the onus of funding the infrastructure for doctors
 - If this is a core role for Local Government then Local Government should be fully funded to provide this service and it undertaken within a strategic policy framework that includes clarification of the roles and responsibilities of the State and Commonwealth along with sustainable funding arrangements for Local Government

c) Considering how and whether accountability to the Australian community for the quality and delivery of public hospitals and medical services can be improved;

- The closure of rural public hospitals is an issue for Local Government and their communities
- The closure of hospitals must be viewed from a regional development perspective – closure impacts on the economic and social fabric of the whole community
- The management of public hospitals impacts on GP services to the community –in particular if there are salaried doctors employed at the hospital or visiting medical payment arrangements with GPs
- There is a need for innovative regional models of health care delivery utilizing rural hospitals and GP services
- Accountability must be improved through adequate consultation with rural communities prior to the closure of a facility

e) While accepting the continuation of the Commonwealth commitment to the 30% and Senior's Private Health Insurance Rebates and Lifetime Health Cover identify innovative ways to make private health insurance a still more attractive option to Australians who can afford to take some responsibility for their own health cover

- There needs to be a full and transparent review to determine if the rebate is the most efficient and effective use of public funds
- A number of economists have questioned the efficiency of the 30% rebate: Issues of such as adverse selection and moral hazard have been raised in relation to the rebate
- Is the rebate equitable for rural and regional people who have limited access to private health care services?

A Way Forward

Any changes to health care funding should determine:

- Will it have a equitable distributional consequence, in particular for the regions
- Will it enhance efficiency?
- Can it be done at a reasonable cost?

Focus on preventative services / wellness

- Local Government focuses on programmes and activities to increase community health and well being
- Commonwealth and State Government need to support Councils in undertaking these preventative health activities

Clarification of roles and responsibilities of Government

- Whole of Government approach to human services
- Intergovernmental agreement that clarifies the roles and responsibilities of the three spheres of Government in health care services

Financial Assistance Funding to Local Government

- Local Government is representative of its communities, a major provider of infrastructure and services and well placed to understand local economic needs and solutions. Increasing the quantum of funding made available to local government would be the first step to solving many of the problems confronting Australia
- Sustainable and adequate financial assistance funding from the Commonwealth to Local Government
- An increase in the quantum of assistance through changes in the way the Commonwealth calculates Financial Assistance Grants (FAGs).
- Linking the quantum of financial assistance for local government to an agreed proportion of total Commonwealth taxation revenue (excluding GST): a graduated two-step approach, by amending the escalation factor to more closely align growth in FAGs with that of the Australian economy; and subsequently, setting the quantum of FAGs at an amount equivalent to 1% of total Commonwealth taxation revenue (excluding GST).

Special Purpose Grants for Local Government

The introduction of grant programmes for Local Government for specific infrastructure and services to support Councils focus on wellness and undertake preventative health activities such as:

- recreation and physical activities
- community development activities

Environmental Health

- Adequate funding provided to Local Government to implement national environmental health strategies

Local Government Services to Aboriginal Communities

- Specific funding needs to be given to Local Government to assist Councils, in a capacity building framework, to provide services to Aboriginal communities including:
 - Environmental Health
 - Recreational infrastructure
 - Recreation and physical activities
 - Community development activities