

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Budget Estimates 2016 - 2017, 6 May 2016

Ref No: SQ16-000350

OUTCOME: 4 – Whole of Portfolio

Topic: Flexible Funds

Type of Question: Hansard Page 8, 6 May 2016

Senator: Gallagher, Katy

Question:

Senator GALLAGHER: The budget has an extra cut of \$182 million from the flexible funds. Can you tell me where those reductions will be and what programs those savings will come from?

Mr Bowles: Not at this stage, Senator. You are right, though: \$182.2 million has been saved from the flexible funds from 2017-18. We have been deliberate to make sure that this \$182 million does not impact in the 2016-17 year on the arrangements we already have in place. But we will use the early part of 2016-17 to work through a process similar to the one we have just been going through on the previous savings and we will make some decisions probably at the end of this year how it will impact for the 2017-18 onwards.

Senator GALLAGHER: In the portfolio statements, it says, 'The savings will be achieved by reducing uncommitted funds.' Can you tell me what the allocation of uncommitted funds would be as a component of that?

Mr Bowles: It changes all the time so I would not be able to give you a definitive answer on that. I can take it on notice and see what we can do at a point in time. But at any point in time, we have uncommitted funds depending on the cycle that we are going through and how we go to market and the like. I can give you a figure on notice but it would be wrong by the time you got it.

Answer:

The savings of \$182.2 million comprised of a 3 per cent cut each year for three years from 1 July 2017 to some funds and continuing to pause indexation to 2019-20 for the Health Portfolio Flexible Funds. Current contractual arrangements under the flexible funds will be honored.

Flexible Funds were combined into a new program structure from 1 July 2016. The new structure streamlines eleven outcomes to six, and has new corresponding programs. Flexible Funds now cease to exist with the funding to be provided in the new programs. Savings under this measure reduced funding under the new program structure. The available allocation by program is available at Attachment A.

A map outlining the changes can be found on the Department of Health website at <http://www.health.gov.au/internet/budget/publishing.nsf/Content/budget2016-flexiblefundsmap.htm>.

The attached table reflects the allocation by Program over the forward estimates as at Budget 2016-17.

| Program | 2016-2017 \$'000 | 2017-2018 \$'000 | 2018-2019 \$'000 | 2019-2020 \$'000 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Outcome 1 | 1,001,704 | 1,008,173 | 940,219 | 975,742 |
| 1.1 - Health Policy Research and Analysis | 782,685 | 829,133 | 879,865 | 931,364 |
| 1.2 - Health Innovation and Technology | 121,945 | 114,758 | 4,794 | 4,880 |
| 1.3 - Health Infrastructure | 57,567 | 25,717 | 16,959 | 911 |
| 1.4 - Health Peak and Advisory Bodies | 25,167 | 24,874 | 24,910 | 24,896 |
| 1.5 - International Policy | 14,340 | 13,691 | 13,691 | 13,691 |
| Outcome 2 | 4,000,883 | 3,985,954 | 4,047,470 | 3,840,097 |
| 2.1 - Mental Health | 679,453 | 697,108 | 709,898 | 528,823 |
| 2.2 - Aboriginal and Torres Strait Islander Health | 780,207 | 849,147 | 884,028 | 921,580 |
| 2.3 - Health Workforce | 1,291,530 | 1,305,728 | 1,274,986 | 1,266,940 |
| 2.4 - Preventive Health and Chronic Disease Support | 378,306 | 345,089 | 357,647 | 358,541 |
| 2.5 - Primary Health Care Quality and Coordination | 405,876 | 357,794 | 374,989 | 317,649 |
| 2.6 - Primary Care Practice Incentives | 372,977 | 353,802 | 368,200 | 368,628 |
| 2.7 - Hospital Services | 92,534 | 77,286 | 77,722 | 77,936 |
| Outcome 3 | 266,644 | 230,062 | 227,313 | 228,915 |
| 3.1 - Sport and Recreation | 266,644 | 230,062 | 227,313 | 228,915 |
| Outcome 4 | 40,369,499 | 41,534,155 | 43,226,252 | 45,115,185 |
| 4.1 - Medical Benefits | 21,943,850 | 22,650,152 | 23,657,070 | 25,103,337 |
| 4.2 - Hearing Services | 555,768 | 564,370 | 575,200 | 584,651 |
| 4.3 - Pharmaceutical Benefits | 10,799,954 | 10,988,545 | 11,321,637 | 11,722,097 |
| 4.4 - Private Health Insurance | 6,253,001 | 6,495,810 | 6,815,234 | 6,815,207 |
| 4.5 - Medical Indemnity | 96,499 | 102,815 | 109,061 | 115,704 |
| 4.6 - Dental Services | 415,616 | 415,632 | 420,224 | 437,512 |
| 4.7 - Health Benefit Compliance | 12,000 | 12,000 | 12,000 | 12,000 |
| 4.8 - Targeted Assistance - Aids and Appliance | 292,811 | 304,831 | 315,826 | 324,677 |
| Outcome 5 | 461,749 | 393,040 | 346,877 | 346,878 |
| 5.2 - Health Protection and Emergency Response | 86,016 | 80,131 | 42,363 | 42,410 |
| 5.3 - Immunisation | 375,733 | 312,909 | 304,514 | 304,468 |
| Outcome 6 | 15,838,794 | 16,898,032 | 18,164,236 | 19,541,566 |
| 6.1 - Access and Information | 195,875 | 202,574 | 208,076 | 215,851 |
| 6.2 - Home Support and Care | 4,136,564 | 4,639,014 | 5,228,912 | 5,726,355 |
| 6.3 - Residential and Flexible Care | 11,372,752 | 11,930,752 | 12,600,178 | 13,468,682 |
| 6.4 - Aged Care Quality | 133,603 | 125,692 | 127,070 | 130,678 |