

**Senate Community Affairs Committee**

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

**Supplementary Budget Estimates 2016 - 2017, 19 October 2016**

**Ref No:** SQ16-000379

**OUTCOME:** 0 - Whole of Portfolio

**Topic:** Flexible Funds

**Type of Question:** Hansard Page 16, 19 October 2016

**Senator:** Di Natale, Richard

**Question:**

Senator DI NATALE: I would like to be clear about this. I understand the rationale and, yes, if we assume the best of intentions, then there is certainly logic to it, but obviously, if we want to take a more sceptical approach, it is an opportunity to make some significant cuts and, in our position, we are unable to track those. What I am asking on notice, very clearly—and please tell me if you cannot do this—is to not just map where each of those funds have gone, into what outcome and exactly where they sit, but show how much they were funded in the previous financial year and how much they will be funded in the current financial year.

Mr Bowles: We probably will not be able to do that quite specifically, but, in your language— Senator DI NATALE: Why not?

Mr Bowles: If we have taken some of the old funds, we have probably put them into three different areas—

Senator DI NATALE: So why can't you just say that? Mr Bowles: I can take that on notice and I will explain how that happens. I just do not want to give you any false impression about it. Any cuts to the budget will be budget measures. So you will see them—irrespective. This is about trying to simplify it into the long term, to get away from this notion that everything is flexible, because they are service delivery elements of these programs.

**Answer:**

From 1 July 2016, the former flexible funds were redistributed into a new Outcome and program structure.

The former funds were either wholly placed into the new structure, or divided between up to four priority areas. The rationale was to simplify and streamline future priorities into relevant funding groups for greater transparency.

The six Outcomes no longer include flexible funds.

A map outlining the transition of the flexible funds in to the revised program structure can be found on the Department of Health's website at:

<http://www.health.gov.au/internet/budget/publishing.nsf/Content/budget2016-flexiblefundsmap.htm>

Program 2.4 – Preventive Health and Chronic Disease Support includes drug and alcohol priority areas, which were reorganised from three former flexible funds.

Three Budget measures have applied savings to the former flexible funds:

- The 2016-17 Budget measure *Health Flexible Funds – pausing indexation and achieving efficiencies* achieved savings of \$182.2 million, at a rate of 3 per cent per year for three years from 1 July 2017 and continued the pause to indexation to 2019-20.
- The 2015-16 Budget measure *Rationalising and Streamlining Health Programmes* applied savings of 2.8 per cent (\$596.2 million), allocated over four years from 1 July 2015.
- The 2014-15 Budget measure *Health Flexible Funds – pausing indexation and achieving efficiencies* provided for a saving of \$197.1 million over three years from 2015-16.

To date, no other savings have applied to the former flexible funds. The changes to the structure of the funding honoured the existing contractual arrangements at that point in time.

The table below shows what percentage of the former flexible funds was divided into the new program structure.

<b>Former Flexible Fund Description</b>	<b>New Priority</b>	<b>New Program</b>	<b>%</b>
Quality Use of Diagnostics Therapeutics and Pathology Fund	Pharmaceutical Support	4.3 - Pharmaceutical Benefits	100.0%
Health Protection Fund	Health Protection	5.2 - Health Protection and Emergency Response	100.0%
Health Social Surveys Fund	Public Health and Chronic Disease	2.4 - Preventive Health and Chronic Disease Support	100.0%
Health Surveillance Fund	Drug and Alcohol	2.4 - Preventive Health and Chronic Disease Support	6.7%
	Health Policy Research and Data	1.1 - Health Policy Research and Analysis	30.1%
	Health Protection	5.2 - Health Protection and Emergency Response	39.0%
	Public Health and Chronic Disease	2.4 - Preventive Health and Chronic Disease Support	24.2%
Health System Capacity Development Fund	Health Peak and Advisory Bodies	1.4 - Health Peak and Advisory Bodies	38.0%
	Health Policy Research and Data	1.1 - Health Policy Research and Analysis	6.2%
	Public Health and Chronic Disease	2.4 - Preventive Health and Chronic Disease Support	55.8%
Health Workforce Fund	Health Workforce	2.3 - Health Workforce	100.0%
Practice Incentives for General Practices	Practice Incentives for General Practice Fund	2.6 - Primary Care Practice Incentives	100.0%
Regionally Tailored Primary Care Initiatives Through Primary Health Networks Fund	Primary Health Care Development	2.5 - Primary Health Care Quality and Coordination	100.0%
Single Initial Point of Contact Telephone Advice and Counselling	Primary Health Care Development	2.5 - Primary Health Care Quality and Coordination	100.0%
Substance Misuse Prevention and Service Improvement Grants	Drug and Alcohol	2.4 - Preventive Health and Chronic Disease Support	100.0%
Substance Misuse Service Delivery Grants	Drug and Alcohol	2.4 - Preventive Health and Chronic Disease Support	99.7%
	Health Peak and Advisory Bodies	1.4 - Health Peak and Advisory Bodies	0.3%
Chronic Disease Prevention and Service Improvement Grants	Health Peak and Advisory Bodies	1.4 - Health Peak and Advisory Bodies	1.1%
	Health Policy Research and Data	1.1 - Health Policy Research and Analysis	0.5%
	Primary Health Care Development	2.5 - Primary Health Care Quality and Coordination	18.5%
	Public Health and Chronic Disease	2.4 - Preventive Health and Chronic Disease Support	79.9%
Communicable Disease Prevention and Service Improvement Grants	Health Protection	5.2 - Health Protection and Emergency Response	100.0%
Indigenous Australians' Health Programme	Indigenous Australians' Health Programme	2.2 - Aboriginal and Torres Strait Islander Health	100.0%

The below table reflects the previous allocations for the former flexible funds, under the previous Outcome structure following the application of the 2016-17 Budget measure.

### Flexible Fund Balances Pre 2016-17 Budget

Description	2015-2016 Budget \$'000	2016-2017 Budget \$'000
Chronic Disease Prevention and Service Improvement Grants	45,882	46,463
Communicable Disease Prevention and Service Improvement Grants	13,979	14,068
Health Protection Fund	49,248	54,621
Health Social Surveys Fund	7,027	5,988
Health Surveillance Fund	17,719	15,956
Health System Capacity Development Fund	16,315	18,950
Health Workforce Fund	1,055,320	1,048,710
Indigenous Australians' Health Programme	729,135	786,461
Practice Incentives for General Practices	357,971	380,559
Quality Use of Diagnostics Therapeutics and Pathology Fund	46,280	44,947
Regionally tailored primary care initiatives through Primary Health Networks Fund	360,230	352,800
Single Initial Point of Contact Telephone Advice and Counselling	42,676	40,605
Substance Misuse Prevention and Service Improvement Grants	15,988	26,703
Substance Misuse Service Delivery Grants	51,684	43,301
<b>Grand Total</b>	<b>2,809,454</b>	<b>2,880,132</b>

The below table shows the 2016-17 Budget allocations, at the time of mapping the new Outcome structure, for programs which included the former flexible funds.

Description	Estimated Actual 2015-2016	Budget 2016-2017
	\$'000	\$'000
1.1 - Health Policy Research and Analysis	45,980	42,189
1.4 - Health Peak and Advisory Bodies	7,008	7,983
2.2 - Aboriginal and Torres Strait Islander Health	729,135	780,207
2.3 - Health Workforce	1,288,282	1,291,530
2.4 - Preventive Health and Chronic Disease Support	278,015	378,306
2.5 - Primary Health Care Quality and Coordination	432,603	405,876
2.6 - Primary Care Practice Incentives	357,971	372,977
4.3 - Pharmaceutical Benefits	672,875	690,449
5.2 - Health Protection and Emergency Response	79,951	86,016
<b>Grand Total</b>	<b>3,891,820</b>	<b>4,055,533</b>

Funds other than the former flexible funds are included above