CHAPTER 2

ROLE OF THE COMMONWEALTH AND STATE/TERRITORY GOVERNMENTS

2.1 This chapter provides a brief overview of the role of the Commonwealth Government and State and Territory Governments in the Australian health system. It provides details of cancer initiatives and strategies being undertaken by the Commonwealth, Cancer Institute New South Wales, the Victorian Department of Human Services and the Department of Health Western Australia. The chapter outlines the national framework within which issues raised during the Inquiry that affect government in relation to the delivery of cancer services, and which are discussed in the following chapters, are addressed.

The Australian Health Care System

2.2 The Australian health care system is complex with multiple levels of government and shared responsibility for health care.

Overview of health system funding

2.3 Australia's health system is financed by a mix of public and private funding arrangements. In 2002-03 a total of $72.2b, or 9.5 per cent of Gross Domestic Product, was spent on health. Of this:

- Public or government funding accounted for $49b, or 67.9 per cent;
    - Commonwealth Government - $33.4b (46.2 per cent);
    - State and Territory Governments - $15.6b (21.6 per cent); and
- Private sector financing was $23.2b, or 32.1 per cent.

Roles and responsibilities

2.4 The World Health Organisation has identified four key functions of health systems: resource generation; financing; service provision; and stewardship. These four functions underlie the organisation of the Australian health system, where both public and private sectors fund and provide health care and all levels of government are involved.

Commonwealth government

2.5 The Commonwealth government takes a leading role in the provision of universal and affordable access to medical, pharmaceutical and hospital services.

2.6 Through Medicare, the Commonwealth subsidises access to primary care providers, including medical practitioners, and to a range of specialist and diagnostic services. The Pharmaceutical Benefits Scheme provides subsidised access to

pharmaceuticals. The Commonwealth also contributes funding to public hospitals through the Australian Health Care Agreements. The Commonwealth government's main role in the provision of care for older people includes financing and regulating residential aged care and community care. In addition to these roles, the Commonwealth provides leadership in broader social policy issues concerning an ageing population as well as the general population, including promoting the health, independence and wellbeing of all Australians.

2.7 The Commonwealth also takes a leadership role in areas of national policy significance, including protecting the overall health and safety of the population, improving access to health services for the Aboriginal and Torres Strait Islander population, guiding national research and evaluation, trialling innovative service delivery approaches and coordinating information management. In addition, the Commonwealth has various regulatory responsibilities carried out by bodies such as the Therapeutic Goods Administration and Food Standards Australia New Zealand.

State and Territory and local governments

2.8 States and Territories have primary responsibility under the constitution for the provision of health services, including most acute and psychiatric hospital services.

2.9 The State and Territory governments are the main providers of publicly provided health goods and services in Australia. They provide public hospital infrastructure and services, including in emergency department and outpatient settings, and are the major providers of community based health programs. Allied health services have traditionally been a State government responsibility and continue to be so, either through the public hospital system, or through State funded community health services. State and Territory governments also have primary responsibility for the provision of population health programs.

2.10 The local government sector also delivers health programs, often contributing a portion of funds through cash or 'in-kind' contributions.

Private Sector

2.11 Within the Australian health system, the private sector delivers a significant proportion of primary, specialist and allied health care through general practitioners, specialists, pharmacists, physiotherapists, dentists and the like. Access by individuals to private providers is often subsidised through Medicare or through private health insurance.

2.12 The private sector plays an important role in providing the infrastructure and health providers required to meet the increasing demand for health services. The private sector operates private hospitals and, through health funds, offers private health insurance.

Non-government sector

2.13 Non-government bodies play an important role within the Australian health care system in research, education, and programs for prevention, detection, diagnosis, treatment and associated policy. Of particular importance are the consumer and support groups, community organisations, professional bodies and educational institutions that provide a range of services alleviating the burden on the government sector.

Joint government policy forums

2.14 The different roles and responsibilities of the various levels of government have made it essential that there be ongoing cooperation between jurisdictions in the interests of the health and wellbeing of all Australians.

2.15 The Australian Health Ministers Conference and the Australian Health Ministers Advisory Council are the key coordinating bodies comprising Ministers and officials from the Commonwealth and State and Territory governments with responsibility for health matters. The Australian Health Ministers Conference provides a forum for governments to discuss matters of mutual interest concerning health policy, health services and programs and aims to promote a consistent and coordinated national approach to health policy development and implementation. The Australian Health Ministers Advisory Council advises the Australian Health Ministers Conference on strategic issues relating to the coordination of health services across the nation and operates as a national forum for planning, information sharing and innovation.

2.16 The Australian Health Ministers Advisory Council has established two groups to look at planning and reform issues in the areas of workforce and health reform.

Medical workforce

2.17 The Commonwealth undertakes to ensure that there is an adequate number of health professionals to meet population need now and into the future; that the health workforce is appropriately distributed to meet that need; and that suitable education and training arrangements are put in place for the health workforce. The health care workforce is a shared issue between the Commonwealth and the States and Territories.

2.18 The Australian Medical Workforce Advisory Committee **(**AMWAC) is an independent body set up at a national level in 1996 to promote strategic workforce planning and to provide advice on national medical workforce matters. In 2000, the Australian Health Workforce Advisory Committee (AHWAC) was founded to oversee wider workforce planning needs such as the nursing, midwifery and allied health workforces. Commonwealth and State and Territory health workforce policies are coordinated through these mechanisms.

Health Reform Agenda Working Group

2.19 The health system needs to be responsive to the changing needs of the population and the way that health services can be delivered. For a number of years, Health Ministers have recognised the need for substantial reform in the health system and have sought to progress reform through more effective use of available resources. In the 12 months before the end of the 1998-2003 Australian Health Care Agreements, Health Ministers agreed to pursue a substantive and cooperative reform agenda and appointed the Health Reform Agenda Working Group to manage this work.

2.20 One of the identified areas of reform was cancer care. A cancer funding reform project has subsequently been established under the auspices of the Health Reform Agenda Working Group to make recommendations, based on available evidence, about specific alternative funding arrangements and implementation options to improve access to coordinated, best practice cancer care. This project is being managed by a multi-jurisdictional group (led by the ACT Health).[1]

Coordination of cancer activities

2.21 Specific national bodies have been established by the Australian Health Ministers Advisory Council to coordinate information, advice and program implementation including the National Health Priority Action Council, which aims to drive improvements in National Health Priority Areas.

2.22 The National Health Priority Area conditions include cancer, diabetes, asthma, cardiovascular disease and stroke, and arthritis and musculoskeletal conditions. The National Health Priority Action Council comprises representatives from each jurisdiction, as well as a consumer representative and an Aboriginal and Torres Strait Islander representative.

2.23 Cancer became a National Health Priority Area condition in 1996. The Commonwealth and State and Territory governments work together on cancer through this National Health Priority Area initiative. Eight priority cancers have been identified by all jurisdictions where significant health gains may be made through prevention, early detection and evidence-based management. These are breast cancer, cervical cancer, bowel cancer, lung cancer, melanoma, non-Hodgkins lymphoma, non-melanocytic skin cancer and prostate cancer.[2]

Expenditure on cancer

2.24 The recent AIHW Report, *Health system expenditures on cancer and other neoplasms in Australia, 2000–01*, emphasises the massive expenditure on cancer by providing a systematic analysis of Australian health expenditure in 2001 to treat or

1 DoHA Submission to House of Representatives Standing Committee on Health and Ageing Inquiry into health funding, pp.4-14.

2 *Priorities for Action in Cancer Control 2001-2003,* Cancer Strategies Group, 2001, pp.72-73.

prevent cancer and other neoplasms (an abnormal and uncontrolled growth of tissue; a tumour), and to care for those with neoplastic disease. The report shows that expenditure on cancer and other neoplasms in Australia in 2000-01 was $2.9billion. This is 5.8 per cent of the total health expenditure allocated by disease.

2.25 The expenditures for cancer and other neoplasms attributed to the seven health sectors were as follows:

- Hospitals - $1,988m;
- Out-of-hospital medical services - $343m;
- Research - $215m;
- Total pharmaceuticals - $183m;
- Aged care homes - $37m;
- Dental and other professional services - $24m; and
- Public health programs (non-Medicare Benefits Schedule) - $130m.

2.26 Total expenditure for cancer (malignant neoplasms) was $2.15b, for public health programs $130m, and for other neoplasms $634m, giving a total of $2.9b. Expenditure on treatment for cancer and other neoplasms was $2.6b representing around 90 per cent of total expenditure on cancer and other neoplasms.

2.27 The most expensive cancers overall were non-melanoma skin cancers, a less threatening form of skin cancer ($264m), followed by breast cancer ($241m), colorectal cancer ($235m), and prostate cancer ($201m). Non-melanoma skin cancer was easily the most common of all the cancers with 374 000 cases. These figures are consistent with the burden of disease across different tumour sites.[3]

National Service Improvement Framework for Cancer

2.28 In 2002, the Australian Health Ministers Advisory Council agreed to the development of National Service Improvement Frameworks for the National Health Priority Areas (cancer, diabetes, asthma, cardiovascular disease and stroke, and arthritis and musculoskeletal conditions) under the auspices of the National Health Priority Action Council.

2.29 The National Service Improvement Frameworks are joint initiatives of the Commonwealth and State and Territory governments and are an integral component of a proposed National Chronic Disease Strategy, being developed by the National Health Priority Action Council under the health reform agenda.

2.30 The National Service Improvement Framework for Cancer is the first developed and draws on existing international and national plans including the United

3 Health system expenditures on cancer and other neoplasms in Australia 2000-01, AIHW, May 2005, p.1.

Kingdom's National Cancer Plan and Australia's cancer plans and policies, notably those developed by State and Territory governments. It also draws on a number of other recent documents developed including *Optimising Cancer Care in Australia.*

2.31 The Cancer Framework is specifically designed to be 'patient centred' and provides clarity about what the evidence suggests about timely and effective care across the continuum (encompassing prevention, screening, detection, management, rehabilitation and palliation). It supports patients being treated with respect, dignity and autonomy, having access to care when it is needed, being involved in informed decision-making, including when and where health services require multidisciplinary input and coordination. It provides national consensus about aspects of care through focusing on critical service intervention points across the care continuum, which offer the greatest potential to improve health outcomes for patients.[4]

Strengthening Cancer Care

2.32 The Commonwealth Government recently announced the Strengthening Cancer Care Initiative. The Initiative has drawn from the *National Service Improvement Framework for Cancer* and is targeted at ensuring better coordination of the national cancer effort, more research funding for cancer care, enhanced cancer prevention and screening programs, and better support and treatment for those living with cancer.

Cancer Australia

2.33 A key element of the Strengthening Cancer initiative is the establishment of a national cancer agency, to be called Cancer Australia. The new agency will be accountable to the Federal Minister for Health and Ageing and will:

- Provide national leadership in cancer control;
- Guide improvements to cancer prevention and care, to ensure treatment is scientifically based;
- Coordinate and liaise between the wide range of groups and providers with an interest in cancer;
- Make recommendations to the Federal Government about cancer policy and priorities; and
- Oversee a dedicated budget for research into cancer.[5]

4 *Submission* 87, pp.8-9 (DoHA).

5 DoHA Health Fact Sheet 1, Investing in Australia's health: Strengthening Cancer Care, accessed at: http://www.health.gov.au/internet/budget/publishing.nsf/Content/health-budget2005-hbudget-hfact1.htm on 26 May 2005.

State and Territory Cancer Initiatives

2.34 State and Territory governments are developing and implementing a range of initiatives to improve cancer services and treatment. The initiatives include cancer plans, frameworks and monitoring mechanisms that are based on, and integrate with, the *National Service Improvement Framework for Cancer*.

2.35 The following examples of initiatives to address cancer treatment and care at the State level have been drawn from submissions and evidence provided by the Cancer Institute New South Wales, the Victorian Department of Human Services and the Department of Health Western Australia.[6] As these were the only jurisdictions that provided submissions, it is unclear if the approaches outlined in this evidence is representative of the other States or if the initiatives are transferable to other jurisdictions, given the different ways in which services are organised and resourced across Australia.

New South Wales - The Cancer Institute

2.36 The Cancer Institute New South Wales was established by the NSW Government in 2003. The Cancer Institute and the New South Wales Department of Health work collaboratively as the key agencies for cancer control in NSW. The objectives of the Cancer Institute are to:

- Improve cancer survival;
- Reduce cancer incidence;
- Improve the quality of life of cancer patients; and
- Provide expert advice to government, the public and key stakeholders.

2.37 The Cancer Institute has developed the *New South Wales Cancer Plan 2004-06*. The promotion and coordination of cancer control activities for better cancer outcomes has been identified as a key goal of the Cancer Plan which builds on other initiatives in cancer control including the *New South Wales Chronic Care Program* and the *Clinical Service Framework for Optimising Cancer Care in New South Wale*s. The Framework describes the optimal structure of care for a cancer service at an Area Health Service Level, to ensure equitable access to best practice care for all patients.

2.38 The Cancer Institute's major programs include:

- Clinical enhancements - cancer nurse coordinators; lead clinicians; psycho-oncology support and state wide cancer streams;
- A research program- research fellowships, Infrastructure and 'bench to the bedside' translational research grants;

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6 *Submission* 53 and *Committee Hansard* 19.4.05, pp.47-56 (Cancer Institute NSW); *Submission* 66 and *Committee Hansard* 18.4.05, pp.1-13 (Victorian Department of Human Services); *Submission* 44 and *Committee Hansard* 31.3.05, pp.1-23 (Department of Health WA).

- Information program – clinical data analysis, standard treatment protocols; and
- Area Health Services – Cancer service streams.

2.39 A central philosophy of the *New South Wales Cancer Plan* is the patient-centred approach, which recognises the important role and views of consumers and patients in developing policy. It provides enhancement funding throughout New South Wales in clinical services, research, information and registries, prevention and screening and in cancer education.[7]

Victoria - Department of Human Services

2.40 The Victorian Government has made a major commitment to policy and service development in cancer control. The key cancer reform activities in Victoria include:

The development and implementation of the Cancer Services Framework

2.41 The *Cancer Services Framework* aims to ensure that the right treatment and support is provided to cancer patients as early as possible in their cancer journey. The integration of cancer service delivery is a major theme. The reforms are being delivered through:

- The establishment of Integrated Cancer Services that have been designed to support improvement in the integration and coordination of care within both metropolitan and regional areas; and
- The delivery of clinical treatment and care through ten major tumour streams that are designed to reduce variations in care and promote best practice.

2.42 The integrated service model involves three metropolitan and five regional Integrated Cancer Services based on geographic populations (Metropolitan Integrated Cancer Services and Regional Integrated Cancer Services). The philosophy of an Integrated Cancer Service is that hospitals, primary care and community health services will develop integrated care and defined referral pathways for the populations they serve.

2.43 Delivery of clinical treatment and care through major tumour streams has been established to reduce variations in care and to promote best practice.

The Fighting Cancer policy

2.44 The *Fighting Cancer policy* identifies a number of areas to improve cancer services including the upgrading and expansion of radiotherapy equipment, enhancement of screening and prevention programs, and training and recruitment incentives for radiation therapists.

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7 *Submission* 53, p.2 (Cancer Institute NSW).

The Ministerial Taskforce for Cancer

2.45 The Taskforce was established in November 2003 to provide strategic advice and clinical leadership on the implementation of cancer reforms. It provides advice to the Victorian Minister for Health on the implementation and evaluation of Government directions for cancer services reform.

Establishment of Cancer Coordination Unit

2.46 The Cancer Coordination Unit has been established to oversee the implementation of the Victorian Government's Fighting Cancer policy and to coordinate the cancer service reform agenda including the implementation of the *Cancer Services Framework*. The unit has particular responsibility for policy commitments around improving the coordination of cancer services. It also supports the Ministerial Taskforce and associated working groups.[8]

Western Australia - Department of Health

2.47 The Department of Health Western Australia established a Health Reform Committee to examine cancer service delivery in Western Australia. *The Review of Cancer Services* report was finalised in October 2003. In response to the report, a Health Reform Implementation Taskforce was established.

2.48 To implement the cancer service recommendations, the Western Australian Cancer Services Taskforce was established in January 2005 to formulate a comprehensive state-wide framework for cancer services to ensure an integrated approach to cancer care and delivery. The Taskforce consists of clinical experts in cancer care and community representatives.

2.49 The cancer services framework will cover the continuum of cancer care as well as cancer research, education, training and workforce development, patient information and genetic counselling and the private hospital/service interface. The work of the Taskforce is due for completion in mid 2005.[9]

2.50 Dr Neale Fong, Acting Director-General, Department of Health WA advised the Committee that 'The Western Australian health system is undergoing some radical reforms and will be the centre of a lot of activity in reforming both health service delivery and health planning over the coming few years'.[10] Professor Christobel Saunders, Chair of the WA Cancer Services Taskforce told the Committee that by June the Taskforce will have developed a framework for cancer services in WA and an implementation plan. This will include the appointment of a Director of cancer services, who will further develop the plan and implement it. Professor Saunders said

8 *Submission* 66, pp.1-6 (Victorian Department of Human Services).

9 *Submission* 44, pp.1-2 (Department of Health WA).

10 *Committee Hansard* 31.3.05, p.1 (Dr Fong).

they intend to develop referral guidelines, tumour networks which will cover the whole State and collect data to conduct audits. The implementation plan will also involve accreditation of services and credentialing of practitioners.[11]

Conclusion

2.51 Australia has one of the best systems of cancer care in the world. The Committee noted that the Australian health care system is however complex with multiple levels of government and shared responsibility for health care.

2.52 Efforts to coordinate Commonwealth and State and Territory cancer activities occur through the National Health Priority Area initiative. Cancer was identified as a National Health Priority in 1996 and a National Service Improvement Framework for Cancer has been developed jointly between the Commonwealth and the States and Territories.

2.53 The Committee also notes that the establishment of Cancer Australia will provide a valuable national leadership role in cancer control.

11 *Committee Hansard* 31.3.05, p.3 (Professor Saunders).