

Chapter 1

The terms of the inquiry

Background to the inquiry

1.1 On 13 May 2010, the Senate referred to the Finance and Public Administration References Committee for inquiry and report by 18 June 2010 (subsequently extended to 21 June and then 23 June 2010):

The key outcomes agreed by the Commonwealth Government and five states and two territories at the Council of Australian Governments (COAG) meeting on 19 April and 20 April 2010 and the process of consultation between the states and Commonwealth prior to these agreements and related matters, including but not limited to:

- (a) the new financial arrangements between the Commonwealth and states and territories over the forward estimates and the conditional requirements upon the states for receipt of additional Commonwealth funding;
- (b) what amounts of the \$5.4 billion Commonwealth funding is new spending, what is re-directed from existing programs/areas, the impact on these existing programs and what savings are projected in existing health programs across the forward estimates from these new financial arrangements, including the inputs, assumptions and modelling underpinning these funding amounts;
- (c) the projected number of additional/new services this additional funding will provide in elective surgery treatments, in emergency department treatments, in expected numbers of patients to sign up to the diabetes spending measure, in additional general practitioner (GP) treatments in aged care facilities, including the inputs, assumptions and modelling underpinning these projections;
- (d) the \$15.6 billion top-up payments guaranteed to the states by the Commonwealth in the period 2014–15 to 2019–20, including exploring the breakdown of expenditure relating to hospitals, outpatient services, capital expenditure, GP and primary healthcare, aged care and other areas of health expenditure;
- (e) the names, roles, structures, operations, resourcing, funding and staffing of any new statutory bodies, organisations or other entities needed to establish, oversee, monitor, report upon or administer the National Health and Hospital Networks, Primary Care Organisations and the funding channels to be established under the COAG agreements;
- (f) what arrangements are in place, or are being negotiated for states that have not signed up, nor fully signed up to the COAG agreements,

including what contingencies have been put in place for states that may want to alter agreements in future;

- (g) the intent of the state and territory governments and their preferred number and size of Local Hospital Networks in each state and territory;
- (h) the number of hospitals which will receive: activity-based funding, block grant funding, or a mix of both;
- (i) aged care:
 - (i) the 2,500 new aged care beds to be generated by zero interest loans,
 - (ii) the 2,000 beds for long stay older patients to be established,
 - (iii) the funding for the above, and
 - (iv) the establishment of the Commonwealth Government as responsible for full funding, policy, management and delivery responsibility for a national aged care system;
- (j) mental health matters; and
- (k) any other related matter.

Conduct of the inquiry

1.2 The inquiry was advertised in *The Australian* and through the Internet. The committee invited submission from the Commonwealth Government, state and territory governments and interested organisations and individuals.

1.3 The committee received 37 public submissions. A list of individuals and organisations that made public submissions to the inquiry together with other information authorised for publication is at Appendix 1. The committee held two days of hearings in Canberra on 7 June and Melbourne on 8 June 2010. Appendix 2 lists the names and organisations of those who appeared. Submissions, additional information received including answers to questions on notice and the Hansard transcript of evidence may be accessed through the committee's website at: http://www.aph.gov.au/senate/committee/fapa_ctte/index.htm.

Acknowledgement

1.4 The committee thanks those organisations and individuals who made submissions and gave evidence at the public hearing.

Structure of the report

1.5 The committee's report is structured as follows:

- Chapter 2 provides an overview of the COAG reforms relating to health and hospitals;

- Chapter 3 considers the adequacy of the COAG health reforms and looks at the first eight terms of reference;
- Chapter 4 examines term of reference (i) concerning aged care;
- Chapter 5 addresses term of reference (j) concerning mental health matters;
- Chapter 6 considers term of reference (k) concerning any other matters and considers issues including oral and dental health, Indigenous health and the e-health initiative; and
- Chapter 7 contains the committee's conclusions.

Note on references

1.6 References to the Committee Hansard are to the proof Hansard: page numbers may vary between the proof and the official Hansard.