

## Chapter 2

### COAG health and hospital reforms

2.1 The breakdown of funding for the Council of Australian Governments (COAG) health and hospital reforms has been taken principally from the Budget papers, media releases and COAG communiqués.

#### Background

2.2 At its 29 November 2008 meeting, COAG agreed on several initiatives regarding health.

2.3 As part of the \$64 billion agreement for health and hospital funding, the states and territories agreed to national outcomes and outputs, new targets and increased service levels.<sup>1</sup>

2.4 On 3 March 2010, the Commonwealth Government announced major reforms to the country's health and hospital system. The Rudd Government described them as representing 'the biggest changes to Australia's health and hospital system since the introduction of Medicare and one of the most significant reforms to the federation in its history'.<sup>2</sup>

2.5 The reforms were supposedly based on a national network, funded nationally and run locally:

- *a national network*: to bring together eight disparate State run systems with one set of national standards to drive and deliver better hospital services;
- *funded nationally*: the Australian Government taking the dominant funding role in the entire public hospital system; and
- *run locally*: Local Hospital Networks bringing together small groups of hospitals.

2.6 It was indicated that the Commonwealth will achieve these aims through the following action:

- taking 60 per cent of funding responsibility for public hospitals by requiring the states to forego one third of GST revenue;
- taking over responsibility for all GP and primary health care services;
- establishing Local Hospital Networks (LHN);

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1 Australian Government, *A National Health and Hospitals Network for Australia's Future*, March 2010, p. 6.

2 Prime Minister, Treasurer, Minister for Health and Ageing, 'A National Health and Hospitals Network for Australia', *Joint Media Release*, 3 March 2010.

- funding hospitals on activity bases, for services they deliver, rather than simply block funding grants; and
- bringing fragmented health and hospital services together under a single National Health and Hospitals Network, through strong transparent national reporting.<sup>3</sup>

2.7 On the same day, the Commonwealth published a policy document, *A National Health and Hospitals Network for Australia's Future*, to ensure clarity of its proposed reform agenda.

2.8 On 12 April, *A National Health and Hospitals Network: further investments in Australia's Health*, representing stage two of the Government's National Health Reform Plan was launched. This provided additional funding in a range of areas leading up to the 19<sup>th</sup> and 20<sup>th</sup> April COAG meeting.

2.9 Finally after the COAG meeting on 19<sup>th</sup> and 20<sup>th</sup> April, *A National Health and Hospitals Network for Australia's Future: delivering better health and better hospitals* was launched.

2.10 On 4 March, Western Australian Premier, the Hon Colin Barnett MLA, was reported as saying that the Commonwealth's proposal to increase its contribution to health by taking money from the states was a 'sleight of hand', 'very unsatisfactory' and unachievable without the co-operation of the states. The report also stated that:

"We will not tolerate a situation where, from Canberra, all the decisions relating to our hospitals and most of the healthcare decisions are made," [Mr Barnett] said.

Mr Barnett while he did not want to get into "a pathetic little argument" about who pays what, the federal government was set to use state money as commonwealth funding.

"To say the commonwealth is going to fund 60 per cent, well no it's not, it's actually taking another 15, 20 per cent off the states," Mr Barnett told Fairfax Radio Network today.

"So it's using state money to try and say this is commonwealth funding."

Mr Barnett said a jointly administered national pool contributed to by the commonwealth and the states had merit but the notion of a commonwealth takeover did not.<sup>4</sup>

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3 Prime Minister, Treasurer, Minister for Health and Ageing, 'A National Health and Hospitals Network for Australia's Future', *Joint Media Release*, 3 March 2010, <http://www.health.gov.au/internet/ministers/publishing.nsf/Content/mr-yr10-nr-nr038.htm> (accessed 13.5.2010).

4 Paige Taylor and Sid Maher, 'WA says no, other states give cautious support to Rudd health reforms', *The Australian*, 4 March 2010, <http://www.theaustralian.com.au/politics/wa-says-no-other-states-give-cautious-support-to-rudd-health-reforms/story-e6frgczf-1225836717944> (accessed 10.6.10).

2.11 In a subsequent radio interview Mr Barnett commented:

I think there is real hope that at COAG that we could agree on a pooling of funds. I think we can agree on activity-based funding. We could possibly agree on the model of governance of our public hospitals. [But] the suggestion to the states to simply give away the GST, I just don't think that is realistic.<sup>5</sup>

2.12 On 7 March, the NSW Premier, the Hon Kristina Keneally MP, called for more information on the proposed health reforms package.<sup>6</sup> It was reported that the Premier had written to the Prime Minister seeking full information regarding the reforms. *The Australian* reported:

"In order to achieve the right outcomes at our next COAG meeting, we need to know more about your plans to reform other aspects of the health system, in particular the primary care system," [the Premier] said.

The NSW Premier also expressed doubts about many aspects of the funding arrangements which will see 30 per cent of GST revenue stripped from the states to bankroll the new National Health and Hospital Network.

She identified significant establishment costs would be incurred to move NSW to a local Health Network Model, predicting the creation of up to 25 bodies across the state.

"Could you please advise whether these establishment costs have been factored into any calculations of the financial impact of the reforms on the states and territories?" she asked.

The Premier also expressed concern for smaller and regional hospitals which may not be able to deliver services at an efficient price.<sup>7</sup>

2.13 The Victorian Government was reported as being opposed to the proposed reforms. The Victorian Government released a list of 10 'sticking points'. However, the Victorian Premier, the Hon John Brumby MLA, stated on 30 March that the list was 'well in excess of 40 questions'.<sup>8</sup> The Premier put forward an alternative funding plan for a state-based pool of money, contributed by the states and the Commonwealth

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5 Joe Kelly, 'Colin Barnett opposes Kevin Rudd's GST plan to fund health reforms', *The Australian*, 24 March 2010, <http://www.theaustralian.com.au/politics/colin-barnett-opposes-kevin-rudds-gst-plan-to-fund-health-reforms/story-e6frgczf-1225844704675> (accessed 10.6.10).

6 Stephanie Peatling and Joel Gibson, 'PM delivers ultimatum to the states', *Sydney Morning Herald*, 7 March 2010, <http://www.smh.com.au/national/pm-delivers-ultimatum-to-the-states-20100306-ppp9.html> (accessed 10.6.10).

7 Joe Kelly, 'Keneally threatens Rudd over health reform support at COAG', *The Australia*, 5 March 2010, <http://www.theaustralian.com.au/politics/keneally-threatens-rudd-over-health-reform-support-at-coag/story-e6frgczf-1225837313310> (accessed 10.6.10).

8 Transcript of John Brumby interview in 'Rudd, states continue hospital reform talks', *Lateline*, ABC Television, 30 March 2010, <http://www.abc.net.au/lateline/content/2010/s2860706.htm> (accessed 10.6.10).

which he described as 'more transparent, it's more open, it's more accountable, it will drive better performance'.<sup>9</sup>

2.14 The new financial arrangements between the Commonwealth and the states and territories were discussed at the meetings of Heads of Treasury on 12 March 2010; Deputy Heads of Treasury on 18 March 2010; and Ministerial Council on Federal Financial Relations on 26 March 2010.<sup>10</sup>

2.15 Victorian Premier John Brumby responded to the Prime Minister's threat of a referendum by releasing his own health scheme to state and federal leaders as an alternative to the Commonwealth reforms.<sup>11</sup> On 9 April, Mr Brumby was reported to have said that three-quarters of the benefits to the health system would not arrive until 2017 and that the Commonwealth's plan to fund local hospital networks directly would create a 'parallel commonwealth bureaucracy'.<sup>12</sup> He further noted on 14 April during a National Press Club of Australia address:

I don't believe that the Commonwealth plan has the right measures to improve our hospitals and improve our health care system.<sup>13</sup>

2.16 During the same address, Mr Brumby also stated:

We've got a GST clawback that adds no new money to the system. We've got a health system that's proposed to be run out of Canberra and it's for those two fundamental reasons that Victoria cannot and will not support the Commonwealth proposal.

At no time ever ever, formally, informally, on the record, off the record, in meetings, out of meetings, has there ever been any suggestion from the Prime Minister that they would steal the GST from the states. I mean that one just came straight out of the blue.

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- 9 Ben Packham, 'Victoria fundamental disagreement with Commonwealth over hospital reforms, Premier John Brumby says', *Herald Sun*, 31 March 2010, <http://www.heraldsun.com.au/news/victoria-fundamental-disagreement-with-commonwealth-over-hospital-reforms-premier-john-brumby-says/story-e6frf7jo-1225848040574> (accessed 10.6.10).
- 10 Departments of Health and Ageing, the Prime Minister and Cabinet, Finance and Deregulation, and the Treasury, *Submission 24*, p. 1.
- 11 Sid Maher, 'John Brumby challenges Kevin Rudd's health takeover with own reform plan', *The Australian*, 8 April 2010, <http://www.theaustralian.com.au/politics/john-brumby-challenges-kevin-rudds-health-takeover-with-own-reform-plan/story-e6frgczf-1225851440653> (accessed 10.6.10).
- 12 Sid Maher and Milanda Rout, 'Hospitals take over on critical list', *The Australia*, 9 April 2010, <http://www.theaustralian.com.au/politics/hospitals-takeover-on-critical-list/story-e6frgczf-1225851598424> (accessed 10.6.10).
- 13 The Hon John Brumby, Premier of Victoria, quoted in 'Brumby won't be bullied into hospital plan', Interview with Samantha Hawley, *PM, ABC Radio*, 14 April 2010, <http://www.abc.net.au/pm/content/2010/s2872973.htm> (accessed 10.6.10).

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### *COAG meeting 19 and 20 April 2010*

2.17 The reforms were then to be put to the states and territories at a COAG meeting on 19 April 2010. The negotiations, which continued into 20 April, focused primarily on the expressed concerns of Western Australia, New South Wales and Victoria regarding the Commonwealth's proposal to become the dominant funder of hospitals.<sup>14</sup> The three states agreed to allocate 30 per cent of GST funds to a pooled fund of federal and state money rather than allow the Commonwealth to take back a third of state GST revenue to directly fund 60 per cent of hospital costs.<sup>15</sup> The three states were reluctant, therefore, to make changes to the 2008 *Intergovernmental Agreement on Federal Financial Relations* which states that the Commonwealth 'will make GST payments to the States and Territories equivalent to the revenue received from the GST'.<sup>16</sup>

2.18 However, both NSW and Victoria recanted their earlier statements and reached an agreement with the Commonwealth on 20 April that the GST funds would be put into a fund pool and used by the states exclusively for health.<sup>17</sup> Amendments are required to the *Federal Financial Relations Act 2009* to reflect the new payment arrangements under the National Health and Hospitals Network Fund.<sup>18</sup> Amendments are required to the Intergovernmental Agreement to reflect the *National Health and Hospitals Network*.<sup>19</sup>

2.19 Under the agreement, a National Funding Authority was to be established for the purposes of distributing the funds to state funding authorities and then Local Hospital Networks (LHNs). However, on 16 June 2010, in an answer to a question on notice, the Government informed the committee that the National Funding Authority would not be established. Under the new arrangements, the Treasury will distribute the funds.<sup>20</sup>

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14 Sid Maher, 'Kevin Rudd stares down states on health funding', *The Australia*, 19 April 2010, <http://www.theaustralian.com.au/politics/rudd-stares-down-states-on-health/story-e6frgczf-1225855230650> (accessed 14.5.10).

15 Emma Rodgers, 'Health Reform talks drag on', *ABC News*, 20 April 2010, <http://www.abc.net.au/news/stories/2010/04/20/2877921.htm> (accessed 14.5.10).

16 Council of Australian Governments, *Intergovernmental Agreement on Federal Financial Relations*, 2008, Part 4, Clause 25, p. 7.

17 Emma Rodgers, 'Health Reform talks drag on', *ABC News*, 20 April 2010.

18 Australian Government, *Budget Paper No. 3, 2010–11*, p. 167.

19 Australian Government, *Budget Paper No. 3, 2010–11*, p. 8.

20 'Government axes health fund watchdog', *ABC News*, <http://www.abc.net.au/news/stories/2010/06/17/2929103.htm> (accessed 21.6.10).

### ***Funding arrangements***

2.20 Under the National Health and Hospitals Network (NHHN) funding model, the Commonwealth Government claims it will become the major funder of the Australian public hospital system by funding:

- 60 per cent of the national efficient price of every public hospital service provided to public patients with the mechanisms yet to be determined;
- 60 per cent of recurrent expenditure incurred by states and territories on research and training functions undertaken in public hospitals;
- 60 per cent of block funding paid against a COAG-agreed funding model, including for agreed functions and services and community service obligations required to support small regional and rural public hospitals;
- 60 per cent of capital expenditure, on a 'user cost of capital' basis where possible; and
- over time, up to 100 per cent of the national efficient price of 'primary health care equivalent' outpatient services provided to public patients.<sup>21</sup>

2.21 In relation to the funding arrangements, the COAG communiqué stated:

The Commonwealth and all States, apart from Western Australia, agreed that from 1 July 2011, an agreed amount of GST revenue will be retained and allocated by the Commonwealth to health and hospital services. Each State's retained GST will be allocated to health and hospital services in that State. This will be revenue-neutral for States. The amount of GST to be retained and allocated to health and hospitals will then be fixed from 2014-15, based on 2013-14 costs.

Under this arrangement, the Commonwealth's funding contribution will be paid into a National Health and Hospitals Network Fund.

Joint intergovernmental authorities ('Funding Authorities') which are State-based will receive funds from both the Commonwealth (through the National Health and Hospitals Network Fund) and State governments, and will directly pay Local Hospital Networks on an activity basis for public hospital services.<sup>22</sup>

### ***Western Australia***

2.22 The WA Premier, the Hon Colin Barnett MLA, refused to become a signatory to the COAG health reforms agreement stating that whilst he agreed with some of the

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21 Departments of Health and Ageing, the Prime Minister and Cabinet, Finance and Deregulation, and the Treasury, *Submission 24*, p. 2; Hawker Britton, *National Health and Hospitals Network (NHHN)*, 3 March 2010, <http://www.hawkerbritton.com/hawker-britton-media/federal-act/333/national-health-and-hospitals-network-nhhn.htm> (accessed 21.5.10).

22 Council of Australian Governments, *Council of Australian Governments Meeting 19 and 20 April 2010, Communiqué*, pp 5–6.

details of the reform package, he rejected the proposal that the Commonwealth retain 30 per cent of the state's GST. Mr Barnett indicated that he was prepared to pay an equivalent amount into the new health fund created under the agreement, he raised concerns about the Commonwealth retaining the GST revenue and stated:

...for one third of the total GST collections to go into this health pool, means Western Australia will be contributing about 60 per cent of its GST into the pool. Now, we're prepared, in principle, to do that so long as it is Western Australia paying into the pool, not the Commonwealth taking away a State taxation revenue source.<sup>23</sup>

2.23 Whilst the WA Government and Commonwealth continue negotiations on the health reforms, WA will continue to be funded through the existing National Healthcare Special Purpose Payments (SPP) arrangements. The Departments of Health and Ageing, the Prime Minister and Cabinet, Finance and Deregulation, and the Treasury, commented:

The Government is continuing negotiations with Western Australia to seek their agreement to the reforms agreed by five states and two territories at the COAG meeting of 19 and 20 April 2010, to ensure that people in Western Australia receive the full benefits the National Health and Hospitals Network will deliver.<sup>24</sup>

2.24 On 17 June 2010 it was reported in *The Australian* that:

Western Australia may still get \$350 million in new federal health funding, even if the Barnett government refuses to sign up to the Prime Minister's hospital reform package. The Rudd government originally insisted its failure to strike a deal with Western Australia would mean the state missing out on \$350m in health funding over four years, but today appeared to be softening its hardline stance. Western Australia was the only state or territory not to sign up to the \$50 billion health reform agreement at April's Council of Australian Governments meeting. Federal Health Minister Nicola Roxon said today she thought it was likely there would be a "stand-off for some time" over the issue between the commonwealth and Colin Barnett's Liberal government. However she conceded the government was looking at other ways the \$350m could flow through to WA, saying she would not penalise its people.<sup>25</sup>

2.25 In evidence given to the Finance and Public Administration Legislation Committee during Budget Estimates, the Government confirmed that 'negotiations'

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23 The Hon Colin Barnett, Premier of Western Australia, 'Federal health plan', *ABC Radio National*, Transcript, 19 April 2010, [http://www.premier.wa.gov.au/Ministers/Colin-Barnett/Documents/transcripts/transcriptCBarnett\\_2010041903.pdf](http://www.premier.wa.gov.au/Ministers/Colin-Barnett/Documents/transcripts/transcriptCBarnett_2010041903.pdf) (21.5.10).

24 Departments of Health and Ageing, the Prime Minister and Cabinet, Finance and Deregulation, and the Treasury, *Submission 24*, p. 1.

25 Joe Kelly, 'Roxon backs away from withholding health funding from WA', *The Australian*, 17 June 2010, <http://www.theaustralian.com.au/news/roxon-backs-away-from-withholding-health-funding-from-wa/story-e6frg6n6-1225880857894> (accessed 22.6.10).



between the Commonwealth and Western Australia could not include the Commonwealth moving from the position it had agreed with the five other states.

Mr Rimmer—I was simply using a generic word to refer to ongoing discussions and consultations. In the process of that we are hoping to explain some aspects of the deal more effectively to our colleagues in Western Australia at a bureaucratic level. But you are quite right: 'negotiations' is perhaps a poor choice of word to have used.<sup>26</sup>

## **Roles and responsibilities between the Commonwealth and states excluding Western Australia**

### ***Public Hospitals***

2.26 In funding terms, the Commonwealth will fund 60 per cent of the national efficient price of public hospital services delivered to public patients. According to COAG, the national efficient price is an 'independent and objectively determined calculation of the cost of providing public hospital services' but no further detail of this has been provided.<sup>27</sup> The Commonwealth will also provide 60 per cent of capital, research and training in public hospitals, and over time, move to fund 100 per cent of the national efficient price of 'primary care equivalent' outpatient services.

2.27 The states and territories (excluding WA) will retain responsibility for management of public hospitals and will be the single purchasers, through Service Agreements, of all public hospital services to be delivered by Local Hospital Networks (LHN).<sup>28</sup> The states will be responsible for meeting the remaining costs of public hospital services. Overall the signatory states and territories will:

- continue to own public hospitals;
- be responsible for all aspects on industrial relations policy and employment of the public hospital workforce; and
- continue their responsibility for the delivery of essential health related services such as ambulances and patient-assisted travel schemes.<sup>29</sup>

2.28 In accordance with the *National Health and Hospitals Network Agreement*, the Independent Hospital Pricing Authority (to be established under the reforms) will provide advice to COAG on the definition and typology of public hospitals eligible for block funding only; mixed activity based funding and block funding; and activity

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26 Senate Finance and Public Administration Legislation Committee, Mr B Rimmer, Department of the Prime Minister and Cabinet, *Committee Hansard*, 25.05.10, p. F&PA 60.

27 Council of Australian Governments, *Council of Australian Governments Meeting 19 and 20 April 2010, Communiqué*, p. 3.

28 Council of Australian Governments, *Council of Australian Governments Meeting 19 and 20 April 2010, Communiqué*, p. 3.

29 Australian Government, *A National Health and Hospitals Network for Australia's Future*, March 2010, p. 35.



based funding only. COAG will determine the number of hospitals that will receive activity-based funding, block grant funding, or a mix, based on such advice.<sup>30</sup> However no criteria for these decisions have been determined or made available.

### ***Local Hospital Networks***

2.29 As part of efforts to devolve operational management for public hospitals and accountability for delivery to the local level, Local Hospital Networks (LHNs) will be established. These will 'be established as separate legal entities under state or territory legislation'.<sup>31</sup>

2.30 Comprising single or small groups of public hospitals with a geographic or functional connection and organised along state borders, the LHNs will be responsible for making decisions on the day-to-day operations within their Network (including managing budgets and planning to deliver services in accordance with their annual service agreements with the state or territory).<sup>32</sup>

2.31 The Commonwealth will fund the LHNs directly through the hospital services they provide via activity based funding. However, according to COAG, the Commonwealth will play no role in the negotiation or implementation of LHN Service Agreements.<sup>33</sup> This will remain the province of the states and territories.

2.32 The Commonwealth and the states and territories have agreed that the NHHN should be delivered 'with no net increase in bureaucracy as a proportion of the ongoing health workforce'. The Commonwealth Government expects that LHNs will be established by state and territory governments within current health department staffing levels.<sup>34</sup>

2.33 The involved states and territories will be primarily responsible to determine the number and location of the LHNs. The NHHN Agreement signed at COAG on 20 April 2010 states that 'the final number and boundaries of Local Hospital Networks will be primarily a matter for states and territories to resolve, with the number and

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30 Departments of Health and Ageing, the Prime Minister and Cabinet, Finance and Deregulation, and the Treasury, *Submission 24*, p. 10.

31 Departments of Health and Ageing, the Prime Minister and Cabinet, Finance and Deregulation, and the Treasury, *Submission 24*, p. 6.

32 Departments of Health and Ageing, the Prime Minister and Cabinet, Finance and Deregulation, and the Treasury, *Submission 24*, p. 6.

33 Council of Australian Governments, *Council of Australian Governments Meeting 19 and 20 April 2010, Communiqué*, p. 3.

34 Departments of Health and Ageing, the Prime Minister and Cabinet, Finance and Deregulation, and the Treasury, *Submission 24*, p. 6.

boundaries to be resolved bilaterally between the Prime Minister and Premiers or First Ministers, as appropriate, by 31 December 2010'.<sup>35</sup>

2.34 A number of submitters raised concerns about the LHNs, of which the fact that they will not be fully integrated with other parts of the health system was central. This and other concerns regarding the LHNs are considered in Chapter 3.

### ***Primary Health Care and Aged Care***

2.35 The Commonwealth will have full funding and policy responsibility for GP and primary health care under the *National Health and Hospitals Network Agreement* except in WA. Community health centres, primary mental health care, immunisation, and cancer screening programs fall under Commonwealth responsibilities. According to COAG, the Commonwealth will introduce primary health care organisations responsible to improve the integration of services and reduce access gaps. Current service delivery arrangements will remain in place for a five year period unless otherwise agreed by governments.<sup>36</sup>

2.36 The Commonwealth will also have full funding and policy responsibility for aged care except in WA and Victoria. Such reforms include the transfer of current resourcing for aged care services from the Home and Community Care (HACC) program (except in Victoria) to the Commonwealth.<sup>37</sup>

### **Conditional requirements of signatory states and territories to the National Health and Hospitals Network**

2.37 Key conditional requirements on the signatory states and territories for receipt of additional Commonwealth funding are set out in the *National Health and Hospitals Network Agreement* which requires that they:

- establish Local Hospital Networks;
- establish a National Health and Hospitals Network Funding Authority as a joint intergovernmental authority which is state/territory based with a board of supervisors (comprising one member from the respective state/territory, one from the Commonwealth, and an independent chair chosen jointly);
- provide data to the Independent Hospital Pricing Authority on state funding contributions towards public hospital services provided by Local Hospital Networks under Local Hospital Network Service Agreements and other data

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35 Departments of Health and Ageing, the Prime Minister and Cabinet, Finance and Deregulation, and the Treasury, *Submission 24*, p. 9.

36 Council of Australian Governments, *Council of Australian Governments Meeting 19 and 20 April 2010, Communiqué*, p. 4.

37 Council of Australian Governments, *Council of Australian Governments Meeting 19 and 20 April 2010, Communiqué*, p. 4.

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necessary for the calculation of the national efficient and state or territory specific prices;

- maintain their current level of effort in the delivery of GP and primary health care services; and
- ensure that appropriate levels of health expenditure (including hospital capital investment and funding) are maintained until the end of 2013–14.<sup>38</sup>

2.38 Little detail on the means of ensuring compliance with this has been provided.

### ***Medicare Locals***

2.39 The Commonwealth will establish primary health care organisations known as Medicare Locals.

2.40 Concerns raised in evidence before this inquiry regarding Medicare Locals are considered in Chapter 3.

### ***Aged care***

2.41 The Commonwealth will take funding and regulatory responsibility for aged care services for older Australians (aged 65 years and over, and 50 years and over for Aboriginal and Torres Strait Islander people) except for Health and Community Care (HACC) in Victoria.

2.42 Given that the Commonwealth Government is already the predominant funder of aged care in Australia, the effect of this measure is simply the take over of the existing 40 per cent state and territory contribution for HACC except for Victoria.

### ***Mental health***

2.43 The Commonwealth will take full funding and policy responsibility for primary mental health care services for common mild to moderate disorders such as anxiety and depression, including those services currently provided by states and territories (except Western Australia).<sup>39</sup>

2.44 Concerns in relation to the adequacy of mental health funding and the ability of such funding to achieve stated targets are addressed in Chapter 5.

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38 Departments of Health and Ageing, the Prime Minister and Cabinet, Finance and Deregulation, and the Treasury, *Submission 24*, p. 3.

39 Departments of Health and Ageing, the Prime Minister and Cabinet, Finance and Deregulation, and the Treasury, *Submission 24*, p. 11.

### ***Electronic Health Records***

2.45 The Commonwealth will also provide \$466.7 million over two years to establish the key components of the personally controlled electronic health record system.<sup>40</sup>

2.46 The funding will establish a system of personally controlled electronic health records that will provide summaries of patients' health information including medications and immunisations and medical test results.<sup>41</sup>

### ***Government Advertising***

2.47 The Commonwealth will spend \$29.5 million on a national communications campaign to inform Australians about the changes and improvements to health services under the NHHN.<sup>42</sup>

2.48 In view of the evidence presented, there are concerns that the advertising campaign is misleading and deceptive in that it does not properly reflect the parameters of the reform, most especially the 'federally funded, locally run' assertion.

2.49 Concerns about the campaign will be raised separately.

### **New statutory bodies, organisations and other entities**

2.50 The NHHN will be supported by several new authorities including:

- National Health and Hospitals Network Funding Authorities;
- Independent Hospital Pricing Authority;
- National Performance Authority;
- Australian Commission on Safety and Quality in Health Care;
- Local Health Networks; and
- Medicare Locals.

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40 Australian Government, *Budget Paper No. 2, 2010–11*, p. 225.

41 The Hon Nicola Roxon MP, Minister for Health and Ageing, *'Personally Controlled Electronic Health Records for all Australians'*, Media Release, 11 May 2010, [http://www.health.gov.au/internet/ministers/publishing.nsf/Content/03320F4F974E6714CA25772200030C01/\\$File/hmedia09.pdf](http://www.health.gov.au/internet/ministers/publishing.nsf/Content/03320F4F974E6714CA25772200030C01/$File/hmedia09.pdf) (accessed 25/5/10).

42 Australian Government, *Budget Paper No. 2, 2010–11*, p. 224.