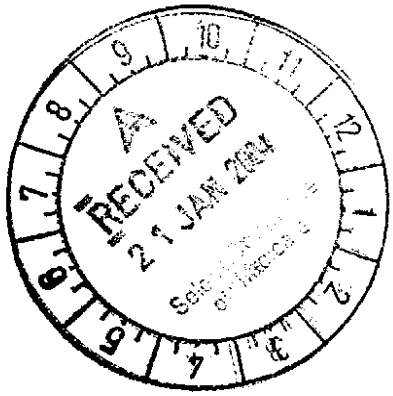
File Ref: 500-8




19 January 2004

Mr Jonathan Curtis
Secretary
Senate Select Committee on Medicare
Parliament House
CANBERRA ACT 2600

Dear Mr Curtis

**ALGA submission to the Senate Select Committee on *MedicarePlus***

Thank you for the opportunity to provide a submission to the Senate Select Committee on *MedicarePlus*.

**Local Government's Role in Health Care**

For more than 160 years, local government has made a substantial contribution to the health of the nation. For example, in 1999-2000, the Australian public sector spent $931m on public health. Of this, $225m or 24%, was spent by local government.

Local government undertakes a range of public health and related activities, including:

- immunisation;
- food regulation (including provision of inspection and monitoring services);
- waste management; and
- environmental protection.

As a key player in public health and community welfare, local government is increasingly concerned about declining community access to primary and acute health services.

Access Economics, for example, last year estimated a shortfall of between 1,200 and 2,000 general practitioners across Australia, with at least 700 more needed in country areas.

Community and local government concern about the shortage of health care professionals is reflected in numerous resolutions of the National General Assembly of Local Government, such as the following passed in 2002:

8 GEILS COURT DEAKIN ACT 2600 TELEPHONE (02) 6122 9400 FACSIMILE (02) 6122 9401
EMAIL *alga@alga.com.au* URL *http://www.alga.com.au*
ABN 31 008 613 876

*"That the Australian Local Government Association make representations to the Prime Minister and the Federal Minister for Health to urgently address the ongoing critical shortage of specialists, senior medical officers and medical practitioners with the necessary skills in regional and rural Australia and put in place Medical Practitioner Workforce Planning Strategies (including appropriate strategies) to address this national problem".*

ALGA has previously argued (ALGA 2003-04 Federal Budget Submission) for adoption of measures including:

- action to stop the loss of procedural GPs from regional areas;
- an increase in GP training places;
- elimination of unnecessary barriers to the recruitment of overseas trained doctors;
- increasing the number of medical graduates; and
- funding nurse practitioners to work - with GP supervision where appropriate - in areas where few or no doctors can be secured.

ALGA strongly supports the concept of geographic bonding to address regional doctor shortages, noting that new medical school places are to be offered on the basis that they are bonded to areas of need.

We have also been pleased to see the Australian Government take steps to address the issue of overall shortages in the medical workforce as well as the specific issue of maldistribution. It is accepted that medical workforce planning is inevitably imprecise. However, the conditions of overall shortage which have been experienced over the last decade should have been forseen and substantial workforce action undertaken to counteract consequential outcomes.

**Impact of medical shortages on local government**

Where shortages exist, the community invariably looks to local government for help. Although access to health care is fundamentally a federal and state government responsibility, local government – through necessity - has increasingly become engaged in the recruitment and retention of health professionals, particularly of doctors.

In order to recruit doctors, many local governments now offer 'lifestyle packages', including accommodation, provision of fully equipped consulting rooms, travel and assistance with locum relief.

Some councils have gone further. For instance, in Queensland, the Kingaroy Shire Council has implemented its own *Medical Workforce Strategy* to help rebuild the town's medical workforce. The strategy covers GP services, private hospital facilities and specialist services. In particular, the council purchased and re-opened the town's private hospital, St Aubyn's, which had ceased operation in June 2001. The council now owns and operates the hospital and a medical practice, through a wholly owned council company.

The future of rural practice will see many GPs spending part, possibly a small part, of their working life in regional Australia. These doctors are unlikely to buy a practice, rather seeking contract positions in practices where they can work for a limited time without the financial, administrative or social complications attached to practice ownership.

Increasingly, rural GP practices will be owned by local councils, which will also own and operate an employing entity to free GPs from the complex administrative tasks involved in running a modern general practice.

**Cost Shifting**

Local government's investment in medical infrastructure and support services represents a very significant shift of costs from federal and state governments, primarily responsible for access to health care and medical workforce planning, onto poorly resourced councils.

In its 2001 review of the *Local Government (Financial Assistance) Act 1995*, the Commonwealth Grants Commission found that:

*"... the composition of services provided by local government has changed markedly over the last 30-35 years and local government is increasingly providing human services (social welfare type services) at the expense of traditional property based services (particularly roads)."*

The Commission acknowledged that some of these changes are imposed on local councils by other spheres of government through the practice of cost shifting.

In its December 2003 report, the House of Representatives Inquiry into Cost Shifting onto Local Government acknowledged that:

*"... health and welfare is a major area of cost shifting onto local government."*

In particular, the Inquiry found:

*"... many rural and remote councils use their own resources to attract doctors to their areas". Some councils financially support the housing, travel and salary of doctors, nurses and dentists. For example, to secure medical services, the Shire of Laverton in Western Australia provided incentives totalling $170,00 per year to retain a doctor and about another $48,000 per year to nurses who complete at least six months service at the local hospital."*

**Local government health infrastructure fund**

ALGA welcomes the new medical workforce planning initiatives, in the *MedicarePlus* package to address current shortages. However, ALGA wishes to alert the Committee to the need for financial assistance to regional and rural councils that are now incurring significant costs to recruit and retain health professionals. This should not be a responsibility of local government.

It is recommended that a working party should be established to devise the best and most effective way of assisting councils to find both short term and long term solutions to medical workforce needs.

Ideally, solutions should be found which would ensure that there is no need for local government intervention. However, where intervention is necessary, there should be financial assistance provided to offset the capital costs incurred by councils when providing housing and professional health facilities, such as consulting rooms, in order to recruit or retain health professionals.

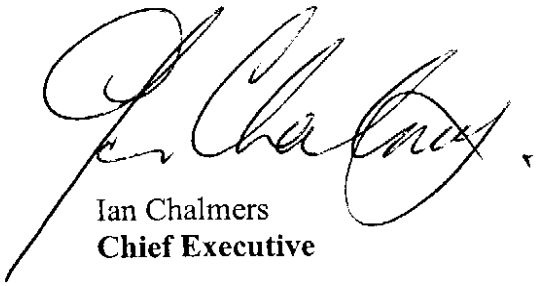
Rural and regional councils often have low populations and low rate revenue bases. They also serve populations with generally poorer health outcomes than the rest of the nation. These councils and communities should be directly assisted where action is required to secure services of health professionals.

**Universal access to primary healthcare services**

Access to higher Medicare rebates and bulkbilling should be available to all Australians. Where there is a cost differential in providing this access, the Australian Government should meet this cost.

ALGA thanks the Committee for the opportunity to offer this submission and would be happy to further discuss the issues raised in due course.

Yours sincerely



Ian Chalmers
**Chief Executive**