



21 February 2014

The Hon Warren Entsch MP  
Chair  
Joint Select Committee on Northern Australia  
PO Box 6021  
Parliament House  
Canberra ACT 2600

**By email:** [jscna@aph.gov.au](mailto:jscna@aph.gov.au)

### **The Development of Northern Australia**

Dear the Hon. Mr Entsch

Bupa welcomes the Inquiry into The Development of Northern Australia by the Joint Select Committee on Northern Australia and thanks the Committee for the opportunity to provide a submission.

The options for growth in investment and infrastructure development in Northern Australia are naturally constrained by the challenges both the public and private sectors face in approaching such a large and sparsely populated geographical area. While the challenges are clearly significant, there is before us a unique opportunity to design the Northern Australia of the future.

In relation to Northern Australia, Bupa imagines a future in which the above challenges are addressed via innovative partnerships between the public and private sectors. The critical economic and social infrastructure needed to both commence and sustain the long term growth of the region will be best served by risk sharing in this manner. What are needed are uniquely tailored approaches to planning and investment, a pioneering task which Bupa is keen to participate in.

It is Bupa's view that addressing the current barriers to the development of Northern Australia is a highly worthwhile task that, with careful planning and implementation, can transform the future of Northern Australia.

### **About Bupa Australia and New Zealand**

Bupa Australia and New Zealand's purpose is *longer, healthier, happier lives*.

Bupa is Australia's largest privately managed health insurer, covering over 3.6 million people. Our products and services include hospital cover, medical, ancillary and ambulance services; as well as access to travel, car and home insurance.

Bupa's private health insurance business is regarded as an industry leader in the promotion of preventive health and wellness via health phone coaching (Bupa Health Dialog), corporate health services (Bupa Wellness), eye care (Bupa Optical) and dental (Dental Corporation).

Bupa is also the largest private operator of residential aged care facilities in Australia. Our 7000 employees provide care and services to more than 5850 residents across 61 homes; and we offer respite, low, high and dementia care, enabling residents to age respectfully and in peace.

Further, we are also the leading private residential aged care provider in New Zealand with 55 care homes as well as 22 retirement villages. In addition, we operate a post traumatic brain injury rehabilitation service and have 14,800 personal medical alarm customers.

Bupa focuses on providing sustainable healthcare solutions that represent real value. Bupa's Australian and New Zealand businesses are part of the international Bupa Group, which cares for more than 14 million people in over 190 countries.

### **Population density as barrier to investment**

In Bupa's view, low population density is the most significant barrier discouraging further private investment in health and care in Northern Australia. The provision of services (including health and care services) in Northern Australia, on a per capita basis, is very high. The lower population is reflected in Bupa's footprint in Northern Australia being somewhat lower than in the other States and Territories.

Naturally, private capital is most likely to flow to wherever commercial return is likely to be delivered. This region does not yet have critical mass to justify large infrastructure threshold investments. Northern Australia will likely therefore continue to struggle in attracting non-mining investment while its permanent population remains at current levels.

Bupa believes that primary consideration therefore should be given to initiatives and approaches that aim to increase the population of Northern Australia. With an increased population density, investment in the area would be exponentially more attractive to business, this then having the dual benefit of further attracting population growth through the increase in investment and provision of services. Population and investment propel each other with more of one encouraging more of the other. The difficult situation then is how to initiate this growth cycle.

It is Bupa's view that without an initial flow of investment, setting in motion an effective growth strategy to attract population to Northern Australia will be difficult.

Therefore, to initiate population growth in the area it is imperative that the first steps taken are to attract private capital investment. Initial government support offered to private business in the form of tax incentives, subsidies or other measures which encourage private capital flows, would kick-start the delivery of the population and investment growth cycle.

### Working in partnership

The challenge faced by Northern Australia is in attracting skilled populations and providing the necessary infrastructure to support growing communities. Bupa believes that this challenge is most likely to be addressed through strong and innovative public and private sectors partnerships.

The cost burden of increasing the population of Northern Australia will come during the initial stage when significant upfront threshold investment costs are required to meet investment in education, healthcare and utility provision. The provision of these resources and services is key in both attracting and maintaining populations. This provision though will see little or no financial return in the immediate future. Once population has reached a critical mass however, the cost of meeting the demands of the population become more aligned with those of the rest of Australia.

In order to break the existing stalemate of investment and population stagnation, it is imperative the public and private sectors work together. Alone, neither sector is likely to be able to tackle the investment problems faced by Northern Australia. The opportunity provided then by developing Northern Australia is unique and offers the chance for innovative partnerships to be executed.

### Options for innovation

As the population of Northern Australia grows, the demand for health and care will increase. Bupa believes there are many opportunities to be explored to see a future in which health and care providers work in partnership with government to deliver this increase in demand for quality, timely and effective health and care in Northern Australia.

Importantly, Bupa believes that the provision of health and care services can improve *before* population levels radically increase, with the assistance of government. The increase in the quality and quantity of service will increase the attractiveness of the area and therefore improve the prospects of population relocation to Northern Australia. Importantly, once population levels reach a critical mass, government assistance can be withdrawn as the enterprise is then established and self-sufficient.

The population density of Northern Australia is unlikely to reach self sustaining levels without artificial intervention. As with the historical provision of essential services then, government assistance is required at this initial stage. However, also in line with the historical provision of essential services, government assistance can be

phased out over time. Indeed there are many options to ensure governments have increasingly less ownership or other liability over the service provision.

Options for innovation are many and varied, for example, private sector investment could be encouraged through the introduction of tax incentives for investment in critical infrastructure projects, such as health and care, in the Northern Australia geographical area. Existing infrastructure could be more resourcefully utilised or additional wings added at a cheaper cost than building from scratch. This additional space could be used, for example, to offer innovative health solutions to residents of Northern Australia.

The development of Northern Australia offers a unique opportunity to explore innovative partnerships between the public and private sectors and to pilot individualised development policies and strategies. There are opportunities for inventive long term contracts that share both the funding liability and future income streams of development projects. In regards to the delivery of health and care services, there are opportunities for innovative co-funding partnerships through the exploration of public/private partnerships.

## Telehealth

While large scale collaborative partnerships can usher a different future for Northern Australia, in the interim, there are still opportunities to service a slowly increasing population.

As a leading provider of health and care services in Australia, Bupa is uniquely placed as a national healthcare leader to help deliver services to Northern Australia. The issues that low population density brings to the provision of essential services are not easily resolved and can take many years to completely rectify. Fortunately, the 21<sup>st</sup> Century offers opportunities never before possible in the provision of services to rural and remote areas. Tele-health is one such example.

Tele-health can take many forms but essentially uses technology to connect health professionals with patients therefore changing the way rural, remote or otherwise isolated patients are able to access professional health services.

For example, Bupa already offers our members telephone health coaching services through Bupa Health Dialog. Bupa Health Dialog health coaches are experienced and specially trained nurses and other health professionals who offer a highly personalised telephone coaching service. Telephone health coaching supports the doctor-patient relationship by assisting patients to ask relevant questions of their healthcare team. Bupa Health Dialog health coaches can also reinforce doctors' advice and encourage compliance with evidence-based care plans. Health coaches supplement their telephone conversations by providing patients with videos, booklets and interactive web resources relevant to their condition/s or concerns.

Tele-health can also involve the utilisation of high speed internet to provide cross country health services via video link. Tele-health allows for a specialist, consultant physician or consultant psychiatrist to have a tele-consultation (video consultation), via the internet, with someone living interstate. As such, tele-health removes many of the barriers to rural and remote Australian accessing health services.

The expansion of tele-health services could help to increase the attractiveness, to individuals, of the Northern Australia region. Bupa encourages the Committee to consider the benefits of encouraging further investment in the creation of effective and integrated tele-health services and importantly, the education of existing health professionals in the use of tele-health technology.

Importantly, when considering how to best develop Northern Australia, all the answers cannot be known up front. Investment begets investment and at this initial stage, it is Bupa's view that the Committee should be encouraging a two-tiered approach of simultaneously supporting population growth and infrastructure investment and creation. It is also Bupa's view that the best way in which to do this is to open dialogue with the private sector with a view to developing a mix of creating innovative partnerships and effective government incentives to assist in this population and investment growth delivery.

Yours sincerely,

**Ayela Thilo**

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Bupa Australia