



Australian Government
Department of Health

DEPUTY SECRETARY

Committee Secretary
Standing Committee on Community Affairs
Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary

Submission to the Community Affairs Legislation Committee inquiry into the Health Workforce Australia (Abolition) Bill 2014

Thank you for the opportunity to contribute to the Senate Community Affairs Legislation Committee inquiry into the Health Workforce Australia (Abolition) Bill 2014, introduced into the House of Representative on 15 May 2014. The Department of Health is pleased to provide a submission, which is provided at Attachment A.

The Department of Health is able to provide the Committee with further information on the Bill should it be required.

Yours sincerely

Kerry Flanagan
Deputy Secretary

13 June 2014

Attachment A
**Submission to the Community Affairs Legislation Committee inquiry into the
Health Workforce Australia (Abolition) Bill 2014**

Introduction

As part of the 2014-15 Federal Budget, the Government announced that Health Workforce Australia (HWA) will be closing and its functions and programmes transferred to the Department of Health (the Department). This will provide efficiencies by removing duplication in programmes and programme management. It will reduce the size of the health bureaucracy and enable more efficient and effective delivery of policy and programme activities related to the health workforce.

On 15 May 2014, the Minister for Health and Minister for Sport, the Hon Peter Dutton MP, introduced the Health Workforce Australia (Abolition) Bill 2014 (the HWA Bill) into the House of Representatives. On 15 May 2014, the Senate referred the HWA Bill to the Senate Community Affairs Legislation Committee for inquiry.

The HWA Bill disestablishes HWA. Consequential provisions will enable a smooth transition of functions to the Department, providing for the transfer of assets, liabilities, interests in land, records and instruments.

Establishment of HWA

On 29 November 2008, the Council of Australian Governments (COAG) announced the establishment of HWA as a national health workforce authority. This formed part of the National Partnership Agreement on Hospital and Health Workforce Reform (the NPA), which expired on 30 June 2013.

HWA was set up to encourage the development of a skilled, flexible and innovative health workforce, and was established as a body that had joint Commonwealth, State and Territory governance.

The NPA set out the expectation that HWA was to be a national body working across the health and education sectors and across governments, and that the Commonwealth and the States and Territories would jointly fund HWA. The Commonwealth has committed \$1.05 billion and the States and Territories were expected to provide almost \$540 million over four years. This did not occur, and the Commonwealth government remains the sole funder of HWA.

The intention that HWA was to operate as joint Commonwealth and jurisdictional body was also reflected in HWA's governance arrangements. The NPA outlined the expectation that HWA work to all Health Ministers and under the *Health Workforce Australia Act 2009* (the HWA Act), the HWA Board is comprised of a nominee from each state and territory and the Commonwealth, an independent Chair and up to three independent members.

HWA became operational on 1 January 2010.

Issues

Although HWA was intended to be a joint Commonwealth and State and Territory body, with governance arrangements to reflect this, a genuinely joint approach did not eventuate. HWA has only administered Commonwealth funding. This has presented challenges with HWA's governance arrangements, with HWA reporting to all Health Ministers and having a Board comprising of representatives of each jurisdiction, giving the Commonwealth government limited influence over the use of its resources.

The Department and HWA both manage health workforce programmes and this has created duplication and confusion for stakeholders. An independent review of health workforce programmes, which reported in 2013, identified legitimate stakeholder concerns around the respective roles of HWA and the Department and inconsistencies between the two in the delivery of funding for similar programmes. These issues will be addressed by transferring HWA's programmes to the Department. There will be more clarity for stakeholders, consistent funding arrangements and the opportunity to align overlapping programmes.

The NPA, under which HWA was established, was a four year agreement which expired on 30 June 2013. HWA implemented the programmes and initiatives required under the NPA. With the expiry of the NPA and the Commonwealth being the sole funder of HWA, it is now appropriate to transfer this work to the Department.

There will continue to be work undertaken in the Department, and in state governments, to develop innovations and reforms to address health workforce challenges, and to support the implementation of these policies. National leadership on health workforce reform and development will continue to be provided by Health Ministers, who regularly meet to consider health workforce issues and work collaboratively to develop national policy responses.

Individual jurisdictions may take a lead on particular reform projects, for instance, New South Wales has taken the lead on work to make the case for a review of the current requirements for medical internship training, which will be commencing shortly under the auspices of the Health Workforce Principal Committee, a standing subcommittee of the Australian Health Ministers Advisory Council.

The Commission of Audit report, released on 1 May 2014, identified that there are currently too many government bodies in Australia, leading to duplication and overlap, unnecessary complexity, a lack of accountability, the potential for uncoordinated advice and avoidable costs. The Commission recommended that five health portfolio bodies be considered for consolidation into the Department of Health, including HWA.

Closure of HWA

The closure of HWA supports the Government's efforts to streamline the delivery of programmes, and reduce administration and bureaucracy. The Government remains committed to effective health workforce training, productivity and innovation and will ensure that this work is delivered more efficiently through reducing corporate overheads, and eliminating duplication between HWA and the Department.

HWA's national programme of health workforce activities, including essential policy, planning and funding responsibilities, will transfer to the Department. All existing funding agreements entered into by HWA will be novated to the Department.

The Department will continue to provide national leadership for the health workforce, and will continue to work with stakeholders, including the states and territories and the private sector. The Department will continue to use established fora, such as the Australian Health Ministers' Advisory Council and the Health Workforce Principal Committee, to consult with jurisdictions.

The staff of HWA have well developed skills in data analysis and modelling, programme delivery and evidence-based strategic policy advice. Many HWA staff will have the opportunity to join the Department. HWA is already working with its staff, with support being provided by the Department, to manage the transition process. For those staff who do not transfer to the Department, HWA will meet all entitlements for eligible staff under the terms of the Health Workforce Australia Enterprise Agreement 2012.

HWA Bill

Successful passage of the HWA Bill will ensure a smooth transition of HWA's work to the Department, enabling important workforce programmes to continue. Part 1 of Schedule 1 of the HWA Bill will provide for interim arrangements, whilst the HWA Act is extant, to assist in the wind up by vesting powers currently vested in the HWA Board in the Minister for Health.

Parts 2 and 3 of Schedule 1 of the HWA Bill will repeal the HWA Act and provide for the transfer of assets, liabilities, interests in land, records and instruments (including contracts, undertakings, deeds or agreements) that HWA has made or is a party to, to enable a smooth transition of functions to the Department.

Summary

HWA was established as a body that had joint Commonwealth and State and Territory governance. However, the expected joint investment in HWA did not eventuate. The Commonwealth Government is the sole funder of HWA, and is taking the decision to deliver its funding in the most efficient way. The closure of HWA will save valuable resources by reducing duplication in service delivery and in the significant overheads required to run an agency. Importantly, it will provide greater clarity and more streamlined arrangements for stakeholders. Priority programmes will continue, and all existing funding agreements will be honoured.

The Government is committed to ensuring Australia has a world class health system, supported by a highly trained and qualified health workforce. The closure of HWA is not a withdrawal of support for the health workforce, but rather will create efficiencies and reduce bureaucracy so that better value can be achieved for the investment in programmes to build the health workforce, to meet community needs.