

14 February 2013

The Secretary
Senate Standing Committee on Finance and Public Administration
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Parliament House
CANBERRA ACT 2600

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Dear Secretary

INQUIRY INTO THE IMPLEMENTATION OF THE NATIONAL HEALTH REFORM AGREEMENT

The Rural Doctors Association of Queensland (RDAQ) welcomes the Senate Standing Committee on Finance and Public Administration's inquiry into the *Implementation of the National Health Reform Agreement*.

RDAQ was formed in 1989 to support rural doctors and their families, and the communities in which they live and work.

I respectfully submit the following to the inquiry as Queensland specific supplementary information to that submitted by the Rural Doctors Association of Australia (RDAA).

We have concerns about the Commonwealth's reduction in the health budget for Queensland on a number of levels. RDAQ is particularly concerned about the impact on rural and remote communities in Queensland and the threats to the viability of small rural communities and their hospitals.

A primary goal in implementing the National Healthcare Reform Agreement between the state and federal government was improved efficiencies in health funding with an increase in funds available to front line service provision, and an end to the 'blame game' between state and federal governments regarding responsibility for funding and delivery of health services.

The establishment of the local hospital and health networks was a cornerstone of the national health reform agenda. It was critical to the delivery of these goals that sufficient funding to ensure quality health care was deliverable to all areas of the country including to rural and remote Australia.

In considering the four terms of reference of the Inquiry the RDAQ submits the following for your consideration.

Since the announcement of reductions in anticipated Commonwealth growth funds being

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made available to Queensland, there have been significant and real threats to services throughout Queensland. RDAQ has had difficulty in gaining clarity from both levels of government regarding the funding arrangements.

Following is a summary of the facts RDAQ has so far established:

- Of the \$600m growth funds promised over four years by the Commonwealth, \$341m has been withdrawn, including \$103m in the current financial year (retrospective to 1 July 2012).
- The state government has not reduced their promised increase of 8.1% of their health budget.
- The state government through its Treasury department has contacted HHS Boards in Queensland advising them of reduced budgets. In some cases like Central Queensland, there has been a series of budget reductions - \$12m retrospective to July and an additional \$4m of cuts was made in December with an advisory that a further \$12 million for next year's (2014) budget in June. The rationale provided for the reduction in funding has been the Commonwealth cuts. RDAQ has been advised that a further \$15 million reduction to Central Queensland has been flagged to recurrent funding.
- Guidelines or funding formulae are not available publicly. RDAQ had understood that smaller rural services would be block funded; however, service reductions have been argued on the basis of low activity and inefficiency.
- The state government is citing the reduction of Commonwealth funds as the major factor in reducing HHS budgets.
- Specific examples of service closures and reductions:
 - Service closures and reductions in rural Queensland include outreach clinics and programs which have been assessed as non-core business including women's health clinics, frequency of visiting specialist clinics, reduction in acute bed numbers and in some areas potential closure of whole hospitals. A full review of services with stated threats to overnight admission capacity is under way at a number of sites in Central Queensland and Wide Bay regions.
 - There has been a workforce wide call for voluntary redundancies which has resulted in a reduction in the medical, nursing and allied health workforce in rural areas.
 - Palliative care services have seen significant reductions in rural Central Queensland.
 - Chronic disease units have been significantly reduced in Mackay and Central Queensland.
 - Children's health services have seen significant reduction with about 100 nursing positions abolished state wide. This includes services provided to rural and regional Queensland
 - Central Queensland has witnessed reduced specialised clinics including childhood immunisation and wound care.

RDAQ is concerned that there is a perverse incentive to HHS Boards within the reformed funding environment to divert activity from smaller rural sites to larger regional and metropolitan centres.

Within Queensland a number of multi-purpose service centres managed under the auspice of the state government are the only provider of allied health, aged care and other primary care services. The state has unilaterally withdrawn from these 'non-core' activities. The state has argued that this is a Commonwealth responsibility, however, the withdrawal of

these services has not been timed to ensure Medicare Locals or other community providers can provide services to meet community need in a planned and seamless manner.

RDAQ is also concerned for the future viability of the rights of private practice workforce model that underpins rural health services in Queensland. With a carte blanche reduction of localised service provision, proposed withdrawal of admitting services and diversion of rural healthcare activity to larger centres, the service model is gearing down to become less efficient, undermining the sustainability of these critical workforce models.

Queensland has seen a decline in procedural health care services available in rural remote areas over the last 10 years, with significant reduction and closures in units providing procedural services (please see map attached). Workforce models like rights of private practice and rural generalism have been significant lighthouse opportunities for restoring access for rural and remote Queenslanders.

RDAQ remains concerned that the implementation of the National Healthcare Reform Agreement is not delivering on the intended ambitious agenda of reform. In particular the depth of ambiguity between State and Commonwealth funding arrangements has been deepened since recent announcements of reduced Commonwealth funding to Queensland. We welcome the inquiry into these matters and urge immediate action to protect the rights of access for rural and remote Queenslanders.

Yours respectfully

Dr Adam Coltzau
President.

Attachment: Map of procedural service closures in Queensland