



Australian Government
Department of Health and Ageing

Response to Question on Notice

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

Audit Report No. 45 - Health and Hospitals Fund

GENERAL COMMENTS

Nil

SPECIFIC QUESTIONS ON NOTICE

Question 1

The Department of Health and Ageing (DoHA)'s response to the ANAO's report noted that DoHA will continue to improve and strengthen the administration of the Health and Hospitals Fund (HHF) 'if resources can be identified to do this'.

- Has there been any progress in finding additional resources for these improvements?
- Since ANAO Recommendations 1 and 2 would seem to be implementable at little to no additional cost, can you confirm that this 'resource availability' caveat only applies to Recommendation 3?

Response

The large and diverse portfolio of capital works projects funded by the Health and Hospitals Fund is being administered within existing resources.

A Centre of Excellence for Capital Works has been established with extensive knowledge of, and experience in, the construction industry. The Centre now provides expert advice to the Department on the establishment of construction milestones, appropriate milestone payments and monitoring the progress of construction.

The 'resource availability' caveat applies primarily to Recommendation 3 in terms of evaluating the current program, and to Recommendation 1 only if further funding rounds are to be held.

Should the Government announce a further HHF funding round, the Department recognises the need to consider additional resources to both manage the funding round and implement the audit recommendations regarding the application assessment process.

Question 2

Were the ANAO's preliminary findings taken into account in Round 4 of funding under the HHF, announced in the 2012-13 Budget? If so, what changes were included?

Response

On 21 March 2012, the Department received the ANAO's preliminary findings, in the form of the ANAO's Issues Papers, in relation to the audit of Rounds 1-3 of the HHF. The HHF Advisory Board's advice to the Minister for Health (dated 27 February 2012) and the Department's information to the Minister relating to the Board's advice (dated 28 February 2012) both preceded the Department's receipt of the ANAO's preliminary findings.

Question 3

The ANAO's Recommendation 1 calls for DoHA to advise the Health Minister on the priorities of eligible funding proposals, and to include all significant aspects of the selection process in funding guidelines.

How is this recommendation being implemented?

Response

The Government has not announced a further HHF funding round. Should the Government do so, the Department will give consideration to the implementation of the recommendation.

Question 4

The ANAO's Recommendation 2 recommends that DoHA improve the advice it provides to the Health Minister and FMA Regulation 9 approver in relation to making payments in advance of need.

What steps are being taken to ensure that future DoHA advice regarding pre-payments under the HHF, and other similar programs, will take the full financial implications into account?

Response

Departmental procedures for HHF projects and other similar programs require an executed funding agreement with payments linked to milestones. A Centre of Excellence for Capital Works has been established and now provides expert advice to the Department on the establishment of construction milestones and appropriate milestone payments. This process ensures that the Regulation 9 delegate is fully informed of the payment conditions for each project and of the importance of providing advice to the Minister on the financial implications of making advance payments.

Question 5

How is DoHA implementing the ANAO's Recommendation 3, which calls for the HHF evaluation strategy to include an assessment of the program's overall contribution to improving health outcomes? When are the first evaluations expected to be complete?

Response

The Department has commenced development of an evaluation framework. This will be progressed through the 2012/13 financial year and it is expected that outcomes of this evaluation will be available in 2013.

Question 6

What is the chronology of communications between the Commonwealth and the States on the specific grant programs issued under the Health and Hospital Fund?

Response

To compile the requested information would involve a significant resource effort that the Department is not currently in a position to undertake.

Question 7

Did the Commonwealth seek further information on any hospitals offered by any States for approval through the HHF? If so, which states and which hospitals and at what moment in the grants program?

Response

There have been 669 applications received across the four HHF funding rounds conducted to date. At the request of the independent HHF Advisory Board, which undertook the assessment of these applications against the HHF Evaluation Criteria, the Department sought information on some hospital applications submitted by States. However, as this information concerns the business and commercial affairs of the States, disclosure may impact on the Commonwealth's future dealings with the States.

Question 8

Did the Commonwealth seek further information on any hospitals not offered by States for approval? If so, which hospitals and which states and at what moment in the grants program?

Response

There have been 669 applications received across the four HHF funding rounds conducted to date. At the request of the independent HHF Advisory Board, which undertook the assessment of these applications against the HHF Evaluation Criteria, the Department sought information on some hospital applications submitted by non-government organisations. However, as this information concerns the business and commercial affairs of these organisations, the Department is not in a position to release this information.