

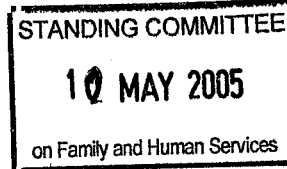


Australian Government

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Mr James Catchpole
Committee Secretariat
Standing Committee on Health and Ageing
Parliament House
CANBERRA ACT 2600



Dear Mr Catchpole

AIHW submission to the Commonwealth Parliamentary Inquiry into Health Funding

Thank you for your invitation to the AIHW to make a submission to the Parliamentary Inquiry. A number of the issues identified for particular consideration by the Committee are outside the scope of the Institute's functions; our submission has a specific focus on issue (c):

Considering how and whether accountability to the Australian community for the quality and delivery of public hospitals and medical services can be improved.

By way of context, I shall provide for the Committee's information a brief overview of the structure and functions of the AIHW.

AIHW - structure and functions

The AIHW was established as a statutory authority in 1987 by the then *Australian Institute of Health Act 1987*. In 1992 the AIHW's role and functions were expanded to include welfare-related information and statistics. The Act is now entitled the *Australian Institute of Health and Welfare Act 1987* (AIHW Act). The AIHW is in the Health and Ageing portfolio.

The AIHW mission is:

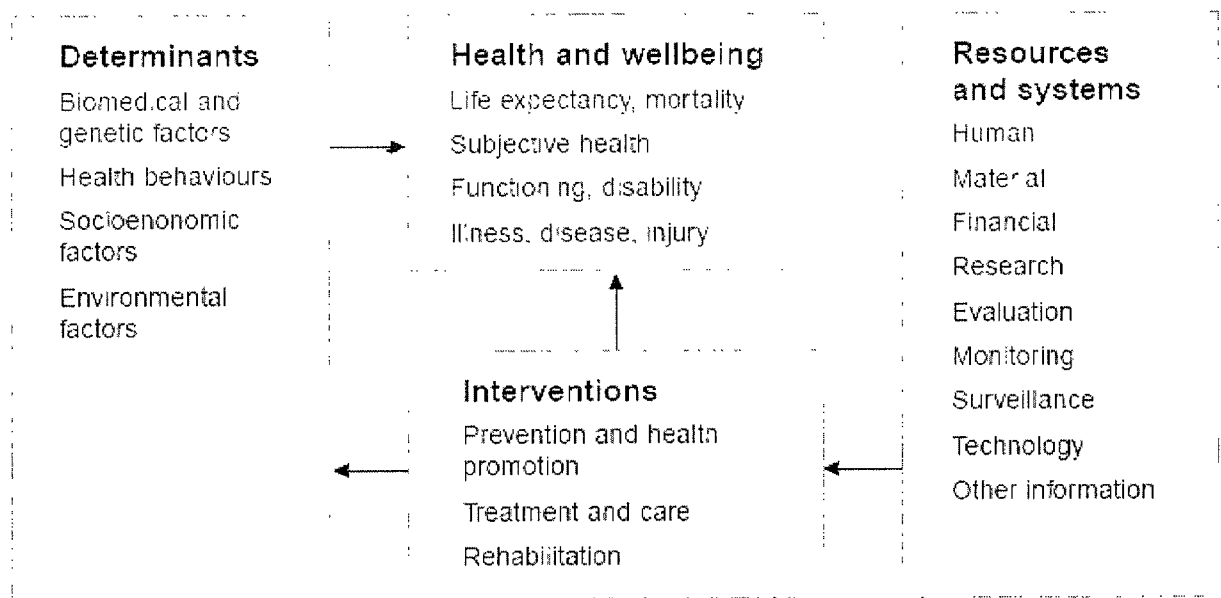
Better health and wellbeing for Australians through better health and welfare statistics and information.

We inform community discussion and decision-making through national leadership and collaboration in developing and providing health and welfare statistics and information.

The main functions of the AIHW relate to the collection and production of health-related and welfare-related information and statistics, and are specified in s. 5 of the AIHW Act. In summary, the AIHW:

- Identifies and meets the information needs of governments and the community to enable them to make informed decisions to improve the health and welfare of Australians

Figure 1 : Conceptual Framework for Australia's Health



Source : *Australia's Health 2004 (AIHW) p.3.*

Australia's Health is justifiably one of the most widely cited information resources in its field. It, like all other AIHW publications, is available free and in its entirety on the AIHW's Website. Recently, there have been around 10,000 downloads each month from the *Australia's Health* segment of the Website. I shall send a copy of the publication with a printed version of the AIHW submission.

The following parts of the publication are of particular relevance to the Inquiry:

- The 'Health services' chapter (chapter 6 in the 2004 edition of *Australia's Health*) which provides an 18-page statistical essay on Australian hospitals, a 10-page essay on medical practice and further essays on other health services.
- The 'Health resources' chapter (chapter 5 in the 2004 edition) which provides statistical essays on the financial and human (workforce) resources used in hospitals, medical services and other health services.

Views of funding for the Australian health system

The AIHW is responsible for assembling the national health expenditure database and for publishing the report *Health Expenditure Australia* in September of each year.

Health Expenditure Australia provides a comprehensive view of financing for the whole Australian health system. In particular, it provides statistics on:

- The expenditures on health goods and services, dissected by area of expenditure (such as public and private hospitals, medical services, pharmaceuticals and so on).
- The funding of those expenditures, dissected by area of expenditure and by source of funding (Australian, state and local government, individuals, health insurance funds and so on).

As to medical services, a key AIHW publication is the annual *General Practice Activity in Australia*. This report –which is based on the BEACH survey of 100,000 GP-patient encounters each year– provides uniquely rich insights into what happens inside medical practice, such as: the characteristics of patients (including risk factors); problems managed; medications prescribed or advised by the doctor; other patient management; and referrals and admissions to other segments of the health system.

The BEACH survey also provides a vehicle for improving our understanding of key trends or initiatives in primary care, for example –

- prescription practices relating to important, emerging or expensive drugs (such as anti-inflammatories, anti-depressants and lipid lowering agents) and
- the promulgation of case management for diabetes patients.

Monitoring the performance of the Australian health system

The suite of AIHW statistics (and those provided by other agencies) is very rich. But there is undoubtedly a need for presentations of the statistics that are more digestible for the general reader and that allow the Australian community to make an informed assessment of how well, say, Australia's public hospitals or medical services work and whether the money spent on them is being used effectively. The biennial publication *Australia's Health* makes an important contribution to satisfying that need.

Another vehicle for satisfying the need for accessible information is the *National Report on Health Sector Performance Indicators*, which the AIHW has published on behalf of the Australian Health Ministers' Advisory Council. This report presents a selection of indicators (around forty) from the vast suite of performance indicators. They are arrayed against the framework in Figure 2.

- Against Tier 2 (determinants of health) – rates of smoking and risky alcohol consumption, fruit and vegetable intake, physical activity, low birthweight babies, obesity and overweight and so on.
- Against Tier 3 (health system performance) – cervical and breast cancer screening, vaccination, management of diabetes, hospital costs, availability of general practitioner services and so on.

Of equal importance to the selected indicators is the National Health Performance Framework. While indicators in the National Report refer, in the main, to Australia as a whole, the Framework is designed to be applied (after appropriate adaptation) at any level of the health system – a particular state or territory, a regional health service, a hospital or other service establishment and so on. As such, it provides an excellent conceptual basis for anyone seeking to develop a framework for accountability in health services.

If you need more information about our submission, Margaret Fisher (Margaret.fisher@ihw.gov.au; 02 6244 10330 is the first point of contact.

Yours sincerely



Richard Madden
Director
6 May 2005