

# Chapter 1

## Introduction

1.1 On 25 June 2014, the Senate established the Senate Select Committee on Health.<sup>1</sup> The final reporting date for the committee is 20 June 2016. However, given the likelihood of an early election, the committee has decided to bring forward the release of this final report.

### *Public hearings*

1.2 Since its establishment, the committee has completed 52 public hearings. A full list of the committee's hearings is at Appendix 1.<sup>2</sup>

1.3 Through its extensive program of public hearings, the committee has taken evidence from many health experts, practitioners, consumers and communities. The public hearing program has also enabled the committee to engage the wider Australian community, including those in rural and regional areas which may not normally be able to directly engage with the parliamentary process.

1.4 Throughout the committee's inquiry, hospital funding and related issues have been raised by witnesses and submitters in connection with evidence about the primary and acute healthcare systems. In order to examine these issues in more detail, the committee has held eight hearings focussing specifically on hospital funding:

- 4 and 5 November 2015, Melbourne;
- 16 November 2015, Cairns;
- 17 November 2015, Rockhampton;
- 27 November 2015, Sydney;
- 23 March 2016, Campbelltown;
- 27 April 2016, Gladstone; and
- 29 April 2016, Devonport.

### *Submissions*

1.5 The committee has received 205 submissions since the beginning of its inquiry. These are listed at Appendix 2.<sup>3</sup>

1.6 The committee's terms of reference are wide-ranging. Over the course of its inquiry, the committee's intention has been to explore various issues in depth and these have formed the basis for the committee's six interim reports.

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1 *Journals of the Senate*, 25 June 2014, pp 996–998.

2 Public hearing details can also be accessed via the committee's website: [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Health/Health/Public\\_Hearings](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Health/Health/Public_Hearings).

3 The submissions received by the committee can be accessed via the committee's website: [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Health/Health/Submissions](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Health/Health/Submissions).

1.7 Additional information, tabled documents, correspondence and answers to questions on notice received by the committee are listed at Appendix 3.<sup>4</sup>

### ***Health Committee's first interim report***

1.8 The committee's first interim report was tabled on 2 December 2014.<sup>5</sup> That report detailed the committee's findings and conclusions at that time, focussing on issues raised during the committee's hearings and through submissions. Key areas of focus in the first report were:

- the Government's proposed patient co-payments, cuts to hospital funding and the abolition of the Australian National Preventative Health Agency;
- the Government's plan to close the 61 Medicare Locals and replace them with 30 Primary Health Networks; and
- the merger of the Organ and Tissue Authority and the National Blood Authority.

### ***Second interim report***

1.9 The committee's second interim report was tabled on 24 June 2015.<sup>6</sup> That report encompassed the committee's findings regarding the government's primary healthcare and general practice policies. In particular the report was a record of the government's frequent changes of policy since the 2014-15 Budget. The second interim report focused on:

- the vital importance of general practice and primary healthcare, and the threat posed by the government's numerous policy changes since the 2014-15 Budget;
- the responses of GPs and the primary healthcare sector to the government's various primary care policies; and
- an examination of the 2015-16 Budget's health measures and commentary from stakeholders.

### ***Third interim report (Australian Hearing)***

1.10 The committee's third interim report was tabled on 17 September 2015.<sup>7</sup> That report examined the government's proposed privatisation of Australian Hearing and the National Acoustics Laboratories. The proposal was originally recommended by the National Commission of Audit in February 2014.<sup>8</sup> In the 2014-15 Budget, the

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4 The submissions received by the committee can be accessed via the committee's website: [www.apph.gov.au/Parliamentary\\_Business/Committees/Senate/Health/Health/Additional\\_Documents](http://www.apph.gov.au/Parliamentary_Business/Committees/Senate/Health/Health/Additional_Documents).

5 *Journals of the Senate*, 2 December 2014, p. 1948. The report can be accessed at: [www.apph.gov.au/Parliamentary\\_Business/Committees/Senate/Health/Health/First\\_Interim\\_Report](http://www.apph.gov.au/Parliamentary_Business/Committees/Senate/Health/Health/First_Interim_Report).

6 *Journals of the Senate*, 24 June 2015, p. 2809. The report can be accessed at: [www.apph.gov.au/Parliamentary\\_Business/Committees/Senate/Health/Health/Second\\_Interim\\_Report](http://www.apph.gov.au/Parliamentary_Business/Committees/Senate/Health/Health/Second_Interim_Report).

7 *Journals of the Senate*, 17 September 2015, p. 3158. The report can be accessed at: [www.apph.gov.au/Parliamentary\\_Business/Committees/Senate/Health/Health/Third\\_Interim\\_Report](http://www.apph.gov.au/Parliamentary_Business/Committees/Senate/Health/Health/Third_Interim_Report).

8 National Commission of Audit, *Phase One Report*, paragraph 10.1 and recommendation 57.

government allocated funding for a scoping study for the proposed privatisation of Australian Hearing.<sup>9</sup> The 2015-16 Budget included the postponement of a decision on the scoping study, pending further consultation.<sup>10</sup>

1.11 The third interim report outlined the evidence taken at a July 2015 public hearing and the related written submissions made by witnesses. It also examined:

- the impacts privatisation would have on users of the Australian Hearing services; and
- the National Disability Insurance Scheme (NDIS) and Australian Hearing.

***Fourth interim report (Mental Health)***

1.12 The committee's fourth interim report was tabled on 8 October 2015.<sup>11</sup> That report examined mental health issues in the context of the National Mental Health Commission's *National Review of Mental Health Programmes and Services Report* and the pending government response. The fourth interim report specifically focussed on:

- the findings of the Commission's report;
- the Government's response to the Commission's findings; and
- the importance of ensuring that there is a smooth transition of mental health programs into the NDIS.

***Fifth interim report (Black Lung)***

1.13 The committee's fifth interim report was tabled on 28 April 2016.<sup>12</sup> That report examined the recent re-emergence of the debilitating lung disease, Coal Workers' Pneumoconiosis (also known as black lung disease), in former Queensland coal miners. The report highlighted issues around safe exposure levels, dust monitoring regimes and worker screening practices.

***Sixth interim report (Big Data)***

1.14 The committee's sixth interim report was tabled on 4 May 2016.<sup>13</sup> That report examined options to improve the use of 'big data' and data linkage in the development of health policy and public good medical research. In particular, the report examined:

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9 Commonwealth of Australia, *2014-15 Budget, Budget Paper No. 2*, Budget Measure: Smaller Government—scoping studies for four operations of government, May 2014, p. 117.

10 Senator the Hon Mathias Cormann, Minister for Finance, media release, 'Further Consultation on Future Ownership Options for Australian Hearing', 8 May 2015.

11 *Journals of the Senate*, 12 October 2015, p. 3175. The report can be accessed at: [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Health/Health/Fourth\\_Interim\\_Report](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Health/Health/Fourth_Interim_Report).

12 *Journals of the Senate*, 2 May 2016, p. 4165. The report can be accessed at: [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Health/Health/Fifth\\_Interim\\_Report](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Health/Health/Fifth_Interim_Report).

13 *Journals of the Senate*, 4 May 2016, p. 4238. The report can be accessed at: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Health/Health/Sixth\\_Interim\\_Report](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Health/Health/Sixth_Interim_Report)

- the new opportunities for governments to use big data in health policy development;
- the constraints applying to linking data from the Medicare Benefits Schedule and Pharmaceutical Benefits Scheme; and
- issues relating to access to data including ethics approvals, issues faced by data custodians, and the 'linkage logjam'.

### ***Structure of the final report***

1.15 The committee's final report focuses on hospital funding arrangements in Australia. In the 2014-15 Budget, the government abandoned the National Health Reform Agreement and the underpinning funding arrangements for public hospitals which had been implemented under the previous government. This decision led to the unprecedented removal of \$56 billion in agreed hospital funding to the states over the eight year period of 2017-18 to 2024-25. Although the COAG agreement on 1 April 2016 has reallocated \$2.9 billion of funding over three years (2017-18 to 2019-20), state and territory governments have struggled to make up the significant funding shortfall.

1.16 In this final report, the committee looks at the impact of the Federal Government's decision to scrap the National Health Reform Agreement and the resulting funding uncertainty, which is putting at risk the viability and safety of Australia's public hospitals.

1.17 In addition to this introductory chapter, the report outlines the history of hospital funding in Australia (Chapter 2) and then examines the impact of the 2014-15 Budget on hospital funding (Chapter 3). The remaining seven chapters examine the specific impacts of the 2014-15 Budget on each state and territory.

### ***Work of the Select Committee***

1.18 Since its establishment on 25 June 2014, the committee has covered a broad range of health policy topics. By undertaking an intensive schedule of public hearings around Australia the committee has been able to respond to issues as they have emerged, and speak to those who are affected.

1.19 Due to the government's decision to call an early election, the committee is unable to table interim reports on the other issues it has examined, such as Indigenous health. The committee is also unable to scrutinise in detail the health measures in the 2016-17 Budget, as it has done on previous occasions.

1.20 The committee's final reporting date is 20 June 2016. However the committee has decided to bring forward its final report so as to highlight the critical issue of the government's unprecedented cuts to hospital funding. The committee is disappointed that the work undertaken on its Indigenous health report will not be tabled in this parliament.

1.21 Nevertheless, the committee believes that its work in this area is too important to be left unfinished. The issues that the committee found during its hearings and site visits demonstrate that Indigenous health urgently requires greater focus and funding from government.

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## Recommendation 1

**1.22 The committee recommends that the Senate Select Committee on Health be re-established in the 45<sup>th</sup> Parliament, and be provided with the terms of reference and support to undertake scrutiny of health policy, including Indigenous health.**

### *Notes on references*

1.23 References to submissions in this report are to individual submissions received by the committee and published on the committee's website. References to committee Hansards are to the official transcripts, unless indicated otherwise.<sup>14</sup>

### *Acknowledgements*

1.24 The committee thanks the many organisations and individuals who have participated in the committee's inquiry since 25 June 2014.

1.25 In particular, the committee wishes to thank:

- the communities who have hosted the committee's public hearings and shared their experiences with the committee,
- the organisations who have given their time to conduct site visits, and
- the organisations and individuals who have engaged with the committee by making submissions, responding to calls for supplementary submissions, and appearing at the committee's public hearings.

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14 Committee Hansards can be accessed via the committee's website:  
[www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Health/Health/Public\\_Hearings](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Health/Health/Public_Hearings).

