

Chapter 7

Impacts on Western Australian hospitals

So you have longer waiting times and people are not seen acutely when they should be seen, so they are much sicker when they are seen, and then you end up having to fly them out. It is just a revolving door.¹

Dr Stephanie Trust, Kununurra Medical Centre

Introduction

7.1 As outlined in Chapter 3, the Parliamentary Budget Office's (PBO) submission provided a detailed state-by-state breakdown of the difference in Commonwealth hospital funding between the government's policy announced in the 2014-15 Budget and the former government's hospital funding arrangements under the National Health Reform Agreement 2011. The government's 2014-15 Budget marked a fundamental policy shift away from the previous government's activity based funding model, which established a national efficient price for hospital services. Instead, it reverts to the former block funding model based on CPI and population growth.

7.2 The PBO's figures show that Western Australia (WA) will lose \$6.5 billion in hospital funding over a decade due to the government's abandonment of the carefully negotiated national health agreement.² The annual funding differences are set out in Appendix 4.

State-wide impacts

7.3 The WA Health Minister, Dr Kim Hames, was critical of the 2014-15 Budget decision to cut hospital funding, telling a Western Australian budget estimates hearing that the decision was 'unfair'.³

7.4 However, the WA Premier, Mr Colin Barnett, was more sanguine about the cuts, describing the 2014-15 Budget as:

If you look at the totality of the federal budget, which includes a slightly better position on GST for Western Australia and some funding in particular areas, the net impact on the West Australian bottom line is positive and not negative.⁴

1 Dr Stephanie Trust, General Practitioner, Kununurra Medical Centre, *Committee Hansard*, 28 April 2015, p. 13.

2 Parliamentary Budget Office, *Submission 191*, p. 5.

3 Stephanie Dalzell, ABC News Online, *WA hospital funding cuts criticised by health minister*, 22 May 2014, www.abc.net.au/news/2014-05-21/perth-hospitals-to-lose-24300m-over-four-years/5468844

4 Stephanie Dalzell, ABC News Online, *WA hospital funding cuts criticised by health minister*, 22 May 2014.

7.5 The Premier was absent from a meeting of other state leaders held to discuss the hospital funding cuts, shortly after the 2014-15 Budget was handed down.⁵

7.6 Recently, the AMA criticised the WA hospital system in its *Public Hospital Report Card 2016*, which showed that there had been no improvement on key performance targets, such as waiting times, over the last year. The AMA also found that Western Australian hospitals had failed to improve on elective surgery waiting times.⁶

7.7 The AMA WA President, Dr Michael Gannon, has stated that the Commonwealth Government cuts to hospital funding were a large part of the problem. He called on the Western Australian Government to lobby for adequate Commonwealth funding.⁷

7.8 The Western Australian Government has, however, categorised the problem as one of inefficiencies within the state health system. In January 2016, the Western Australian Government announced that over 1100 full time equivalent hospital jobs would be cut from the Western Australian hospital system. The AMA WA disputes this figure, arguing that as many as 3000 hospital staff could lose their jobs or have their hours reduced as a result of the state government's cuts.⁸

7.9 Professor Mike Daube, Director of the Public Health Advocacy Institute of Western Australia at Curtin University, told the committee that he had concerns regarding the reduction of Commonwealth Government funding to health spending:

The implication of that is inevitably that the states will have to carry a greater burden. We are already talking about 28 per cent, or thereabouts, of state budgets [allocated to health] and in the unique system that we have in Australia inevitably if one player reduces their contribution, then the burden is going to fall on others and it will fall on the states because the states are the ones who have to face the day-to-day pressures from population, from media and so on. I speak as a former Director-General of Health in this state and I am aware of the day-to-day pressures that we have. The pressures are on the states to address those, much less on people in faraway Canberra.⁹

5 Stephanie Dalzell, ABC News Online, *WA hospital funding cuts criticised by health minister*, 22 May 2014.

6 Australian Medical Association, 'Public Hospital Report Card 2016', January 2016, pp 21–23.

7 Charlotte Hamlyn, ABC News Online, *WA hospitals cannot afford cuts*, *Australian Medical Association says*, 28 January 2016, www.abc.net.au/news/2016-01-28/wa-public-hospital-system-cannot-afford-cuts-ama-says/7121264

8 Australian Associated Press, *The Guardian Australia*, *Western Australia to cut 1,100 jobs in south Perth hospitals*, 3 January 2016, www.theguardian.com/australia-news/2016/jan/03/western-australia-to-cut-1100-jobs-in-south-perth-hospitals

9 Professor Mike Daube, Professor of Health Policy and Director, Public Health Advocacy Institute of Western Australia, Curtin University; Director, McCusker Centre for Action on Alcohol and Youth, *Committee Hansard*, 10 October 2014, p. 21.

7.10 Dr Stephanie Trust, from the Kununurra Medical Centre, told the committee she believed that the situation for acute care, particularly in remote parts of Western Australia, was already dire:

It is crucial. From just sitting on the sidelines and listening to the DMOs [District Medical Officers], I know that, even though their workload has increased at regional hospitals, certainly numbers of doctors and DMOs in the hospitals have not. In fact, they are trying to centralise again. Things tend to go to Broome and that tends to leave the rest of the Kimberley. But, even then, Broome services have been reduced as well and Broome is very busy. So you have longer waiting times and people are not seen acutely when they should be seen, so they are much sicker when they are seen, and then you end up having to fly them out. It is just a revolving door. The stress on services like the RFDS [Royal Flying Doctors Service], in terms of getting people out, just increases.¹⁰



Ms Josephine (Josie) Farrer, Member for Kimberley, Western Australian Legislative Assembly gave a Welcome to Country before the committee's public hearing in Halls Creek, Western Australia, on 28 April 2015.

Committee view

7.11 It is clear that the Coalition Government's hospital funding cuts have placed the Western Australian Government in a desperate situation. From the evidence the committee heard, the Western Australian hospital system can ill afford to lose trained staff. The committee is concerned that the savage job cuts in the Western Australian hospital system will lead to a reduced quality of care.

7.12 The committee believes that the Western Australian Government is not well placed to sustain the funding needed for adequate hospital services by itself. By

10 Dr Stephanie Trust, General Practitioner, Kununurra Medical Centre, *Committee Hansard*, 28 April 2015, p. 13.

2024-25, the Commonwealth's planned funding reductions will have grown in total to \$6.5 billion for Western Australia.

7.13 Long-term funding certainty allows for better planning for infrastructure, managing staffing, waiting times and lists, and delivers increased efficiencies overall. When hospitals are forced to operate on year-to-year budgets, there is no capacity for planning ahead and making efficient investment in staff and services.

7.14 The committee believes that without long-term funding, state and territory public hospitals will not be able to achieve efficiencies and adequately serve their citizens. The committee calls on the Federal Government to create a long-term, sustainable funding model for hospitals which allows for appropriate contributions from governments, both state and federal.