

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

ADDITIONAL ESTIMATES 2010-2011

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Question: PM68

Topic: COAG Health matters

Asked By: Senator Fierravanti-Wells

Type of Question: Written

Date set by the committee for the return of answer: 15 April 2011

Number of pages: 12

- 1. Further to questions asked at the Estimates hearing on 21 February 2011, can you explain:**
 - a. the process behind how this new agreement (Health Reform Mark II) came about?**
 - b. what was PM&C's role in the preparation of Health Reform Mark II?**
 - c. at what time/date was the decision made to overhaul Health Reform Mark I?**
 - d. what was wrong with Health Reform Mark I? Why did it need to be scrapped?**
- 2. Further to questions asked at Estimates on 21 February 2011, can you advise:**
 - a. if another Minister or another department decided to overhaul Health Reform Mark I, when was PM&C first made aware that a new agreement was being considered?**
 - b. Who advised the Department that Health Reform Mark II was being considered?**
- 3. If the Prime Minister or PM&C decided to overhaul Health Reform Mark I, when the Prime Minister or PM&C first made other Ministers and their department aware that Health Reform Mark II was being considered?**

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4. If the decision to overhaul Health Reform Mark I was not made by the Prime Minister or PM&C, please advise:
 - a. when the Prime Minister or PM&C were first made that Health Reform Mark II was being considered?
 - b. When was PM&C first asked to provide advice?
5. Were proper Cabinet processes followed, including:
 - a. were lodgement deadlines adhered to (the Cabinet Handbook requires that there should be sufficient time for consultation – at least a few days) or was it a last minute decision to bring forward this new health deal?
 - b. When did the matter go to Cabinet?
 - c. Did the Prime Minister or Minister Roxon bring this matter to Cabinet or was it a joint submission?
6. What role did PM&C have in relation to costing of Health Reform Mark II?
7. Please provide details of what costings advice, feedback or changes were received or made by the Prime Minister or PM&C in relation to Health Reform Mark II.
8. If the Prime Minister or PM&C sought costings advice in relation to Health Reform Mark II, please advise:
 - a. The nature of the advice sought?
 - b. When was the information sought?
 - c. Of whom the advice was sought?
 - d. When the advice was provided?
9. If the Prime Minister or PM&C did not seek costings advice, please advise:

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- a. When any advice in relations to costings was provided to the Prime Minister or PM&C?
- b. Whether the Prime Minister or PM&C provided any feedback or made any changes to those costings? If so, please provide details.
- c. The nature of the feedback provided or changes made?
- d. When was the information sought?
- e. Of whom the advice was sought?
- f. When the advice was provided?
- g. How long were you given to cost the new agreement?
- h. Was there agreement on the costs?

10. Labor's Health Reform Mark II only relates to 'growth', not existing hospital costs: The Commonwealth will fund up to 45% of the growth in hospital costs in 2014-15 and up to 50% in 2017-18. This is estimated to cost \$16.4 billion. All of the promised increase in Commonwealth funding is beyond the forward estimates. Accordingly, please advise:

- a. Where is the money coming from?
- b. How was the figure of \$16.4 billion arrived at?
- c. What assumptions have been used?
- d. Can you provide a copy of all of your costing documents, including supporting documents?
- e. How accurate are costings for items beyond the forward estimates?
- f. What assurance can be given as to the accuracy of the health costings?
- g. What guarantees do the taxpayers of Australia have that the costings will not change?

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- 11. In relation to the estimated cost of \$16.4 billion, how will be funded?**
- 12. Given that the government can commit to the spending now, please provide a list of offsetting savings? If not, please advise if the proposal will be funded from general revenue.**
- 13. What was PM&C's role in Health Reform Mark II?**
- 14. Has the Department analysed the differences between the two entities – the National Funding Authority (dumped in June 2010) and the new National Funding Pool.**
- 15. Since 21 August 2011, please outline the role that PM&C has had in relation to Health Reform Mark II announced on 13 February 2011?**
- 16. Previous evidence at Estimates and in answers to questions on notice outline the meetings that were had between PM&C and other Commonwealth and State and Territory officials in the lead up to Health Reform Mark I announced 19 and 20 April 2010. Please provide details of all meetings undertaken by PM&C and other Commonwealth and State and Territories officials including:**
 - a. The date of each meeting;**
 - b. The place of each meeting**
 - c. The attendees at each meeting**
- 17. Why was the National Funding Authority dumped?**
- 18. What are the parameters of the National Funding Pool?**
- 19. Who was responsible for the decision to introduce the national funding pool?**
In relation to this, please specify:
 - a. Was this at the suggestion of the Prime Minister or PM&C or another Minister or Department?**

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- b. When was the decision made?**
- c. If the decision was made by the Prime Minister or PM&C, when were other Ministers and their departments advised?**
- d. Which ministers and departments were advised?**
- e. When were they advised?**

20. What is the difference between the dumped National Funding Authority and the National Funding Pool? Please outline the parameters of each including as to:

- a. Management structures**
- b. Responsibilities**
- c. Accountability**
- d. Funding**
- e. Reporting framework**
- f. Commonwealth legislative requirements for their establishment of each body**
- g. State and Territory legislative requirements for their establishment of each body**
- h. Commonwealth and state and territory "accounts"**

21. Was the Prime Minister or PM&C responsible for the drafting of the document entitled Heads of Agreement – National Health Reform?

- a. If so, was the document drafted in the Prime Minister's office?**
- b. If not, which Minister or Department was responsible?**

22. What role does PM&C have in relation to the Health Expenditure Working Group?

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- 23. Almost \$12.7 million was spent on promoting the former health plan. TV commercials claimed Mr Rudd's "health reform" was "delivering the most significant improvement to our health system since the introduction of Medicare". Yet the Prime Minister said that no deal had been reached. Can you explain why taxpayer's money was used in an advertising campaign that the Prime Minister said was incorrect?**
- 24. Is this a good use of taxpayer's money?**
- 25. Will an advertising campaign be undertaken in relation to the proposal announced on 13 February 2011?**
- 26. What steps will be taken to ensure that any future advertising campaign of the new health deal will be factually correct?**
- 27. How did this factually incorrect advertising campaign come about?**
- 28. Who is responsible for the factually incorrect advertising campaign (of Health Reform Mark I)?**
- 29. Please explain how advertising campaigns are approved. Who bears ultimate responsibility?**
- 30. Will the approval for advertising campaigns be changed? Please explain.**
- 31. What other government advertising campaigns are also factually incorrect? If they say there are none: how can the Department be certain that there is none?**

Answer:

1. The detail of the National Health and Hospitals Network Agreement was the subject of ongoing discussions between the Commonwealth and states during late 2010 and early 2011. The features of the new agreement took shape

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during the course of these conversations. PM&C, along with the Department of Health and Ageing, Treasury and the Department of Finance and Deregulation, prepared the Heads of Agreement on National Health Reform and supported the negotiations that led to states' agreement. All states and territories (including Western Australia) have signed the Heads of Agreement.

2. See the answer to question 1.
3. The Prime Minister and the Prime Minister's Office were in close consultation with the Minister for Health and Ageing and her office, and likewise with the Treasurer and the Minister for Finance and Deregulation and their offices. PM&C was consulting with the Department of Health and Ageing, Treasury and the Department of Finance and Deregulation.
4. See the answer to question 1.
5. In accordance with longstanding practice the Department does not comment on the detail of Cabinet consideration.
6. Treasury was responsible for preparing costings for the National Health Reform Agreement.
7. See the answer to question 6.
8. See the answer to question 6.
9. Treasury provided advice on costings to government throughout the negotiation period. Treasury provided this advice to PM&C. PM&C did not amend or provide feedback on this advice.
10. The Commonwealth's funding commitments will be sourced from consolidated revenue. \$16.4 billion has been calculated as the amount that is additional to ongoing National Healthcare SPP funding (base funding) which will be required between 2014-15 and 2019-20 in order to meet the

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Commonwealth's contribution to efficient growth funding for hospitals (growth funding). Further detail should be sought from the Treasury.

11. See the answer to question 10
12. See the answer to question 10.
13. PM&C had a number of responsibilities in the lead-up to COAG's consideration of health reform on 13 February 2011. PM&C developed the Commonwealth's policy position alongside the Department of Health and Ageing and the Treasury; provided advice and briefings to the Prime Minister; consulted with other Commonwealth departments including the Department of Health and Ageing, Treasury and the Department of Finance and Deregulation; negotiated with state and territory governments; and consulted with other Commonwealth agencies in the drafting of the Heads of Agreement.
14. No.
15. See the answers to question 1 and 13.
16. See answer to PM67. In the lead up to the February 2011 COAG meeting bilateral meetings and teleconferences were held as required. These meetings involved a combination of the Prime Minister, state or territory First Ministers, ministerial staff and Commonwealth and state or territory officials. This included two COAG Senior Officials meetings on 25 January and 4 February 2011.
17. As answered by Mr Rimmer in the Supplementary Budget Estimates hearing on 18 October 2010, "there were a range of matters that, after the COAG meeting on 19 and 20 April, needed some further discussion with states and territories. This issue was one of them. In fact, the National Funding Authority

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was in the agreement because of an earlier request from states and territories. The Commonwealth ... came to a view that this was an unnecessary level of bureaucracy ... and so the government made the decision ... The Commonwealth funding for public hospital services will be delivered directly to local hospital networks through funding authorities in each state.” (*Hansard*, 18 October 2010, F&PA 112-113).

18. COAG members agreed on 13 February 2011 to contribute funding for public hospitals into a single national pool which will be administered by a national funding body. The parameters of the national funding pool are set out at clauses 13-19 of the Heads of Agreement.
19. COAG was responsible for the decision to introduce the national funding pool on 13 February 2011. The Prime Minister first publicly raised the national funding pool on 11 February 2011 as one of the proposed reforms for COAG’s consideration (see media release: ‘A better deal for patients’).
20. Questions relating to the national funding pool should be directed to the Department of Health and Ageing.
21. PM&C, in consultation with the Department of Health and Ageing, Treasury and the Department of Finance and Deregulation drafted the Heads of Agreement on National Health Reform.
22. PM&C has observer status on the Financial Reporting and Capital Working Group (formerly the Health Expenditure Working Group).
23. The National Health and Hospitals Network Agreement was signed by the Commonwealth and all states and territories except Western Australia. The advertising reflected the content of that Agreement and related reforms, and was not incorrect.

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The Independent Communications Committee reviewed the health reform campaign before its launch and advised the Secretary of the Department of Health and Ageing that the proposed campaign was compliant with Principles 1-4 of the *Guidelines on Information and Advertising Campaigns by Australian Government Departments and Agencies*.

Detailed questions about this campaign are best directed to the Department of Health and Ageing.

24. Expenditure on campaign activity is a matter for government.
25. Decisions on campaign advertising are a matter for government.
26. Agencies conducting information and advertising campaigns must comply with the Guidelines referred to above. The Independent Communications Committee considers proposed campaigns and provides a report to the Chief Executive of the relevant agency on compliance with Principles 1, 2, 3 and 4 of the Guidelines (see the answer to question 23).
27. The campaign material is compliant with the Guidelines and is not factually inaccurate. See answer to question 23 above.
28. See the answer to question 27.
29. Detailed questions about campaign development and approval processes should be directed to the Department of Finance and Deregulation.
30. See the answer to question 29.
31. Before a campaign is launched, the Independent Communications Committee will consider the proposed campaign against a statement of compliance with Principles 1-4 of the Guidelines submitted by the agency.

PM&C cannot comment on advertising campaigns that are the responsibility of other agencies. Questions about a particular advertising campaign should

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be directed to the agency that is responsible for its development, management and implementation.