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# Rudd goes downtown for health fixer

**Louise Dodson and John Breusch**

The Rudd government has looked beyond the public service and turned to a management consultant to implement its centrepiece health reform as part of a broader strategy to recruit private sector talent into the bureaucracy.

Tim Beresford, a former corporate lawyer and Westpac executive with over 15 years' experience in banking and mergers and acquisitions, has taken on a senior role in Mr Rudd's department that will focus on implementing the proposed national hospitals network.

Mr Rudd's reform plan will take

centre stage today as he and Opposition Leader Tony Abbott battle over health care at a nationally televised debate in Canberra. While the Prime Minister is pressuring Mr Abbott to spell out the coalition's policy, major health-care groups say he needs to flesh out key details of his reform

**Continued page 6**

# Rudd goes downtown for corporate health fixer

**From page 1**

package, including explaining how it would end the hospitals "blame game" between the states and the commonwealth.

Arranged spontaneously during the last day of the last week's parliamentary sittings, the debate should help Mr Rudd by focusing attention on his favoured issue.

But with neither he nor Mr Abbott expected to make fresh policy announcements, the event poses a risk for the Prime Minister by pitting him against an adversary who is regarded as a far more effective public speaker.

To be held at the National Press Club, the debate will be moderated by ABC television political correspondent Chris Uhlmann. Mr Rudd and Mr Abbott will speak for five minutes each, to be followed by questions asked by a panel of 10 senior journalists.

Mr Rudd wants to withhold a third of the GST revenue that now goes to the states and use that money to directly finance about 150 local hospital networks across the country.

He also wants to abandon five-year block payments to the states and shift instead to activity-based funding, whereby the commonwealth would pay 60 per cent of the "efficient cost" of each hospital service.

The decision to appoint Mr Beresford, who has no direct public service experience, to implement the health reform plan through Mr Rudd's department carries risks, particularly given the political diplomacy required to bring the states on board.

But Mr Beresford, who is currently a director at management consultancy BMC Advisory, has been re-

cruited as part of a strategy, undertaken by Treasury, the Department of Finance and the Department of Prime Minister and Cabinet to harness the management and strategic skills of the private sector. He starts his new job early next month.

Coming on the heels of the home insulation debacle, the plan also shows the government's preparedness to look beyond public servants to ensure the efficient delivery of its reform agenda.

Ahead of the debate, Australian Medical Association president Andrew Pesce warned Mr Rudd's plan would still leave room for disputes with state governments, which would pick up the tab for the remaining 40 per cent of hospital costs plus any overruns.

"Unless there is a single funder, one arm of government will blame the other," he said.

Speaking to doctors in Melbourne yesterday, Mr Rudd pledged the switch to activity-based funding would not hurt rural hospitals because the independent arbiter that would determine the efficient cost of services would make provision for the challenges faced by smaller facilities.

"Country prices will not be set by city assumptions," he said.

But in a sign of how difficult this would likely be in practice, Victoria, which has long used activity-based funding, eventually stopped using that regime for small rural hospitals and resumed block payments.

Dr Pesce said Mr Rudd had to explain how his system would work.

"How are we going to get adequate funding to those [smaller] hospitals," he said.

Catholic Health Australia chief executive Martin Lavery noted the federal and state governments agreed at a Council of Australian Governments meeting two years ago to move to a nationally consistent activity-based funding regime that takes into account the special needs of small rural hospitals.

The commonwealth committed \$154 million over five years to that initiative, including \$36.5 million in 2008-09 alone.

With a number of state governments, particularly NSW, now raising concerns about Mr Rudd's proposed shift to activity-based funding, Mr Lavery said the Prime Minister needed explain how the COAG process would fit into his hospitals reform package.

"There's some detail around what is in and what is out of the definition of 'efficient [cost]' that needs to be spelt out pretty quickly," he said.

"We're unsure as to where the 2008 activity-based funding agreement fits. Given all the states agreed to it then, do they still stand behind it?"

Mr Lavery said many more details were needed on the proposed 150 local hospitals networks, including how they might work with CHA's fleet of 75 hospitals.

Responding to concerns his health and hospitals networks would be inefficiently small, Mr Rudd claimed he had the balance right.

In a boost for Labor, a poll released yesterday by Essential Media found that 58 per cent of respondents supported Mr Rudd's proposed health reforms, while only 12 per cent were opposed to it.