



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**FEDERAL FINANCIAL RELATIONS  
AMENDMENT (NATIONAL HEALTH  
AND HOSPITALS NETWORK) BILL 2010**

**Second Reading**

**SPEECH**

**Wednesday, 24 November 2010**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

<b>Date</b> Wednesday, 24 November 2010	<b>Source</b> House
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<b>Questioner</b>	<b>Responder</b>
<b>Speaker</b> Zappia, Tony, MP	<b>Question No.</b>

**Mr ZAPPIA** (Makin) (4.57 pm)—I rise to speak in support of the Federal Financial Relations Amendment (National Health and Hospitals Network) Bill 2010. Listening to the member for Grey, I thought he put up some very good reasons why he might have supported this bill, but it is obviously his prerogative to take positions as he sees fit. When the Labor government came to office in 2007, the health system across Australia was in a mess. In fact, it is my view that it was one of the key reasons the Howard government lost office.

We know that there was a shortage of doctors in our hospitals and in general practice, there was a shortage of nurses and a shortage of hospital beds, there were lengthy waiting times in hospital emergency departments, there were a whole range of different medical demands not being funded and elective surgery waiting lists were way too long. The system was in so much of a crisis that former Prime Minister Howard, in the late stages of the 2007 election, made a rush to Tasmania to try and save the Mersey Community Hospital. This was, I guess, an attempt to show some leadership by trying to restore the health system of this nation. It did not work because, quite rightly, the electorate knew that he had had 12 years to show that leadership and that he had not done so. More importantly, it did not work because the electorate also understood very well that the reason the health system was in such a crisis was a lack of funding from the federal government over those 12 years. We certainly know the record of the Leader of the Opposition, then Minister for Health and Ageing, in cutting a billion dollars out of health funding across this country.

In addition to that, we saw that there was not only insufficient funding but poor planning of medical services across this country and, in particular, poor coordination of services between the state and federal governments. That overlap of responsibility between the state and federal governments often led to a whole range of inefficiencies and even wastage. The national health system is of priority to families across Australia and it should be to the national government. It is certainly of priority to this government. Since we came to government in 2007, not only have we taken our responsibilities in respect of providing a good health service across this country seriously but the government has made significant investments across a range of measures relating to the provision of health services throughout Australia. We have invested more in training doctors. We have invested more in recruiting nurses. We have invested money in the establishment of GP superclinics and medical research. We have also put substantial amounts of money into reducing elective surgery waiting times and waiting times at emergency departments of hospitals.

But we know that health costs in this nation will continue to rise. Based on the best predictions, in around 30 years time, if we continue with the current system that we have, many of the state governments will have almost their entire state budgets consumed by their health costs alone. That is one of the critical concerns that we need to address today. It is no good waiting for 20 or 30 years and then having someone quite rightly stand up and say: 'You knew this was going to happen. Why didn't you reform the system earlier on?' So the duplication and inefficiency of the health system that has been created over the last 100 years—it evolved from the different practices of all the different states—has to change. It has to change if we are going to ensure that it is financially sustainable and if we are going to be able to continue to provide the health services that the community of Australia is entitled to and quite rightly expects. The reforms that are being proposed as part of this measure will ensure that we have a much more efficient health system and a more sustainable health system.

The member for Grey also alluded to the GST payments. There is no question that, if we are going to reform the system, we will have to reform the funding arrangements between the Commonwealth and the states, and that is exactly what this bill seeks to do. GST payments will be withheld from those states that have agreed with the Commonwealth that we need to change the system, and those payments will go directly into the provision of health services around the country, in addition to new money that the federal government will make available in the years ahead. The implementation of a national health system will also ensure that we have better services, because there will be less wastage. If you do not have the duplication and overlap of services that we are currently seeing, there is no question in my mind that we will have the ability to save money along the way which can in

turn be put into the provision of services. Additionally, we will ensure that all Australians have consistency and uniformity in the services that they get, wherever they live in Australia.

I said a moment ago that this system has evolved over the last 100 years or so, and so we all expect that change will not be easy and there will be criticism along the way. There will be arrangements that are currently in place in local communities and there will be local practitioners who oppose any change that we propose. But the reality is that we cannot continue to operate the national health system under the current arrangements. It is disappointing to see that every time there is a bill in this place that endeavours to reform the health system the opposition opposes it. We saw the criticism of the government's GP superclinics proposal, and yet we see opposition members who would dearly love to have a GP superclinic in their own electorate if they could. We know that it was in fact the opposition who first mooted the idea of an e-health proposal, and yet when we include it in our budget and in our proposals the opposition opposes it. What is even more disappointing is that many of these initiatives did not come just from the government. They were in fact initiatives that came through discussions with the health sector generally and have been supported by the medical sector across Australia. I have to say I am absolutely bewildered as to why the opposition would think that they know better than the medical sector generally.

Under this bill, the Commonwealth government and the seven states and territories have agreed to a fundamental shift in the delivery of vital services for our country. The establishment of the National Health and Hospitals Network will in fact be the most significant reform to our health system since the introduction of Medicare. Under the proposals, our hospital system will be funded nationally and run locally. Yes, the Commonwealth will take on 60 per cent of the efficient cost, with hospitals being managed by local hospital networks. That in itself is an important shift, because it means that the local hospital network is in a good position to determine the priorities and needs of the network which they oversee. The Commonwealth will take 100 per cent of the funding and policy responsibility for GPs, primary care and aged-care services. Medicare locals will be established to coordinate services in local areas.

Under the National Health and Hospitals Network, the Commonwealth will become the major funder of the Australian public hospital system. The Commonwealth will fund 60 per cent of the national efficient price of every public hospital service provided to public patients; 60 per cent of recurrent expenditure on research and training functions undertaken in public hospitals, which are currently funded by states and territories; 60 per cent of block funding paid against COAG agreed funding models, including for agreed functions and services and community service obligations required to support small regional and rural public hospitals; 60 per cent of capital expenditure on a user cost of capital basis where possible; and, over time, up to 100 per cent of the national efficient price of primary healthcare equivalent outpatient services provided to public patients. The Commonwealth will also take on full policy and funding responsibility of primary health care and aged care, including the Home and Community Care Program.

Since the agreement was mooted in April 2010, the implementation timetable has already begun with a number of key activities having commenced in 2009-10. New funding to states and territories to improve emergency department waiting times and increase the numbers of elective surgery procedures began to flow in June 2010. Legislation to establish the Australian Commission on Safety and Quality in Health Care as a permanent body responsible for new national clinical standards and strengthened clinical governance was introduced in parliament on 23 June 2010. Legislation to implement changes to federal financial arrangements to give effect to reforms to the financing of health and hospital services, including the dedication of a portion of goods and services tax, or GST, revenue to health care, was also introduced in parliament on 23 June 2010. In e-health, the Healthcare Identifiers Bill 2010 and the Healthcare Identifiers (Consequential Amendments) Bill 2010 were passed on 24 June 2010 to establish the Healthcare Identifiers Service. The service will assign unique identifiers to individuals, healthcare providers and healthcare organisations to improve safety and quality of patient care. On 25 June 2010, applications opened for Primary Care Infrastructure Grants of up to \$500,000 each to upgrade facilities in general practices, primary care and community health services, and Aboriginal Medical Services. In respect of the Primary Care Infrastructure Grants, I am pleased to say that a number of GP clinics in my electorate have put in applications to access funds under that program.

I am particularly interested in how these reforms will affect South Australia. It is my view that the South Australian health system will directly benefit as \$20.2 million has been allocated to expand the capacity of public hospital emergency departments by undertaking infrastructure projects which will enable faster treatment; \$36.3 million in facilitation and reward funding has been allocated to meet four-hour national access targets for emergency departments; \$13 million has been allocated to boost elective surgery capacity in public hospitals; \$47.3 million has been allocated to facilitate and reward the staged achievement of national access guarantees and

national access targets for public elective surgery patients; \$119.8 million in capital and recurrent funding has been committed to deliver 97 subacute beds; and \$16.6 million has also been allocated in flexible capital funding for emergency departments, elective surgery and subacute areas, so there will be the flexibility to direct that to the highest priority needs within a particular jurisdiction. Additionally, about \$266 million is being invested in health workforce measures to support doctors, nurses and allied health professionals and in aged care to provide better, more appropriate care for older Australians and reduce the pressure on hospitals. This funding will also be invested in the provision of better coordinated and integrated care for people with diabetes, which will provide better care in the community and reduce avoidable hospitalisations. Overall this means that South Australia will receive from the Commonwealth both direct and general benefits totalling about \$519 million as a result of these reforms.

In closing, I will comment briefly on the amendment moved by the opposition. Essentially, they are seeking to defer any decision on this matter until after the elections in Victoria and New South Wales, using the argument that the opposition parties in both those states oppose the reforms that are contained in this bill. Firstly, both governments of New South Wales and Victoria signed this agreement when they were not in caretaker mode; they were the legitimate governments of those states, and the New South Wales government is still. Secondly and more importantly, it seems to me that this is simply another delaying tactic as is the case by those opposite with every bill that is brought into this place by this government. Every time we seek to reform any area of government and we bring a bill into this place, the opposition opposes it by, in most cases, introducing and implementing delaying tactics. That is all that this amendment seeks to do: delay the decision making even further. It is my view that these reforms are well and truly overdue and that this bill should be supported. I commend the bill to the House.

Debate (on motion by **Mr Albanese**) adjourned.