

# Against all odds? Using our federal system to advance health reform

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COAG reform agenda

New approach to accountability

Using our federal system to advance health reform

Intelligent federalism

**OUTLINE**

Reform of federal financial relations

# **COAG REFORM AGENDA**

## COAG Reform Agenda

At meeting of 26 March 2008, COAG agreed to:

‘... boost productivity, workforce participation and geographic mobility, and support wider objectives of better services for the community, social inclusion, closing the gap on Indigenous disadvantage and environmental sustainability.’

## Reform of architecture of Commonwealth-State financial relations

- Intergovernmental Agreement on Federal Financial Relations ‘represents the most significant reform of Australia’s federal financial relations in decades’
  - governs all policy and financial relations between the Commonwealth and the States

## New financial arrangements

- National Specific Purpose Payments (SPPs)
  - supported by new National Agreements
- National Partnership payments
  - associated with National Partnership Agreements
- Performance and assessment framework
  - to support public reporting and accountability.

## National SPPs

- More than 90 different payments have been combined into five new National SPPs
- National SPPs are ongoing financial contributions to be spent in service delivery sectors of schools, skills and workforce development, healthcare, affordable housing, and disability services
- States and Territories have full budget flexibility to allocate funds as they see fit to achieve the agreed objectives for the sector.

## National Agreements

- In specific areas of service delivery:
  - Healthcare, Disability Services, Education, Skills and Workforce Development, Affordable Housing, Indigenous Reform
- Define the objectives, outcomes, outputs, and performance indicators
- Clarify the roles and responsibilities of the Commonwealth and the States and Territories.



## National Partnership payments

- New incentive payments to drive reform
  - to support delivery of specified projects
  - to facilitate reforms
  - to reward jurisdictions that deliver on national reforms
- National Partnership agreements define the objectives, outputs and performance benchmarks.

## Examples of National Partnerships

- Preventive Health
- Hospital and Health Workforce Reform
- Closing the Gap in Indigenous Health Outcomes
- Remote Indigenous Housing
- Literacy and Numeracy
- Improving Teacher Quality
- Low Socio-Economic Status School Communities
- Seamless National Economy
- Youth Attainment and Transitions

## Commonwealth payments to the States 2007-08 & 2009-10

	2007-08 %	2009-10 %
Existing payments for specific purposes	42.7	4.1
National specific purpose payments (supported by National Agreements)	-	28.5
National Partnership payments	0.3	8.3
GST	56.9	58.0
Other general revenue assistance	0.2	1.1
<b>Total</b>	100.0 \$74 960 m	100.0 \$83 200 m

Source: Commonwealth of Australia 2009, Australia's Federal Relations, Budget Paper No. 3, p. 9

Introducing the COAG Reform Council

# **NEW APPROACH TO ACCOUNTABILITY**

## Role of the COAG Reform Council

- Independent organisation set up by COAG to monitor, assess and report on the performance of governments in implementing nationally agreed reforms
- Monitors, assesses and reports on progress for:
  - National Agreements
  - National Partnerships
  - aggregate pace of reform.

## National Agreements

For National Agreements, the Council is tasked with:

- the publication of performance information
- a comparative analysis of jurisdictions' performance, which:
  - focuses on the performance indicators
  - highlights contextual differences between jurisdictions
  - highlights examples of good practice and performance
  - outlines the contributions of both levels of government to achieving the outcomes.

## National Partnerships

- Independent assessor of whether pre-determined milestones and performance benchmarks have been achieved by States before a reward payment is made
  - report to the Prime Minister
  - final decision on payments made by the Commonwealth.

**USING OUR FEDERAL SYSTEM  
TO ADVANCE HEALTH REFORM**



## Functions of public accountability

- Monitor and control conduct of governments
- Enhance integrity of public governance
  - safeguard against corruption, abuse of power, inappropriate behaviour
- Improve performance
  - foster learning and enhance effectiveness of public administration.

## Improving performance

- Accountability arrangements can be:
  - preventive
  - educative
  - remedial

Set standards to hold to account

**PREVENTIVE**

## Key lever

- National Agreements

## Structure of the National Healthcare Agreement

Outcomes	Performance indicators	Outputs
<b>Prevention</b>		
<ul style="list-style-type: none"> <li>• Children are born and remain healthy.</li> <li>• Australians have access to the support, care and education they need to make healthy choices.</li> <li>• Australians manage the key risk factors that contribute to ill health.</li> </ul>	<ul style="list-style-type: none"> <li>• Proportion of babies born of low birth weight.</li> <li>• Incidence/prevalence of important preventable diseases.</li> <li>• Risk factor prevalence.</li> </ul>	<ul style="list-style-type: none"> <li>• Immunisation rates for vaccines in the national schedule.</li> <li>• Cancer screening rates (breast, cervical, bowel).</li> <li>• Proportion of children with 4th year developmental health check.</li> </ul>
<b>Primary and community health</b>		
<b>Hospital and related care</b>		
<b>Aged care</b>		
<b>Patient experience</b>		
<b>Social inclusion and Indigenous health</b>		
<b>Sustainability</b>		

Outcome areas	Performance benchmarks
<p><b>Prevention</b></p>	<p>Reduce prevalence rate for Type 2 diabetes to 2000 levels (7.1%) within 15 years.</p> <p>By 2018, reduce the national smoking rate to 10% and halve the Indigenous smoking rate.</p> <p>By 2017, increase by 5 percentage points the proportion of Australians at a healthy body weight, over the 2009 baseline.</p>
<p><b>Hospital and related care</b></p>	<p>Within five years implement a nationally consistent approach to activity-based funding for public hospital services</p> <p>By 2012-13, 80% of emergency department presentations are seen within clinically recommended triage times.</p> <p>The rate of Staphylococcus aureus bacteraemia is no more than 2.0 per 10,000 bed days for acute care public hospitals by 2011-12 in each State.</p>
<p><b>Primary care</b></p>	<p>By 2014-15, improve the provision of primary care and reduce the proportion of potentially preventable hospital admissions by 7.6% over the 2006-07 baseline, to 8.5% of total hospital admissions.</p>
<p><b>Indigenous health</b></p>	<p>Close the life expectancy gap for Indigenous Australians within a generation.</p> <p>Halve the mortality gap for Indigenous children under five within a decade.</p>

Encourage responsibility to fix problems and to prevent recurrence

**REMEDIAL**

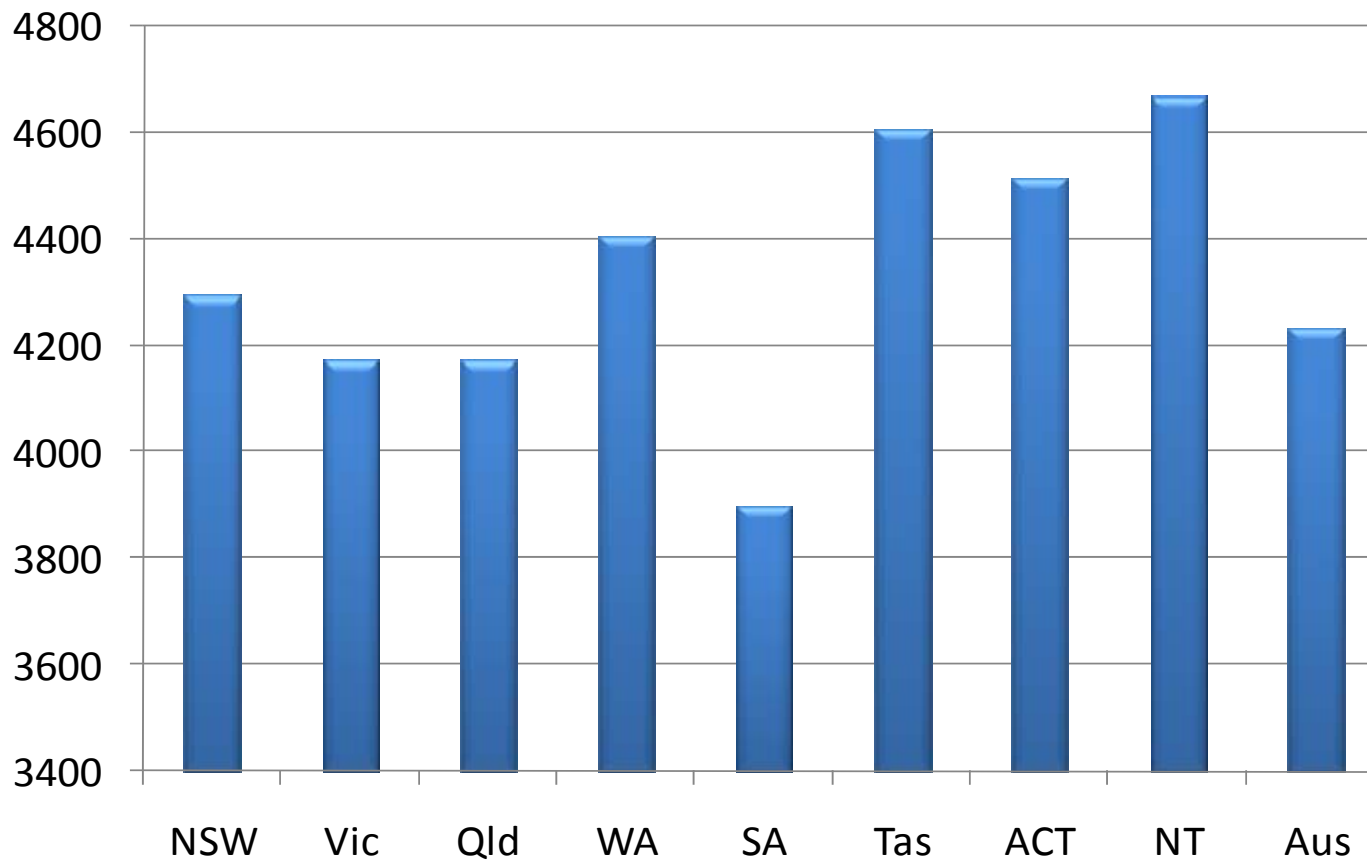
## Key lever

- Comparative analysis

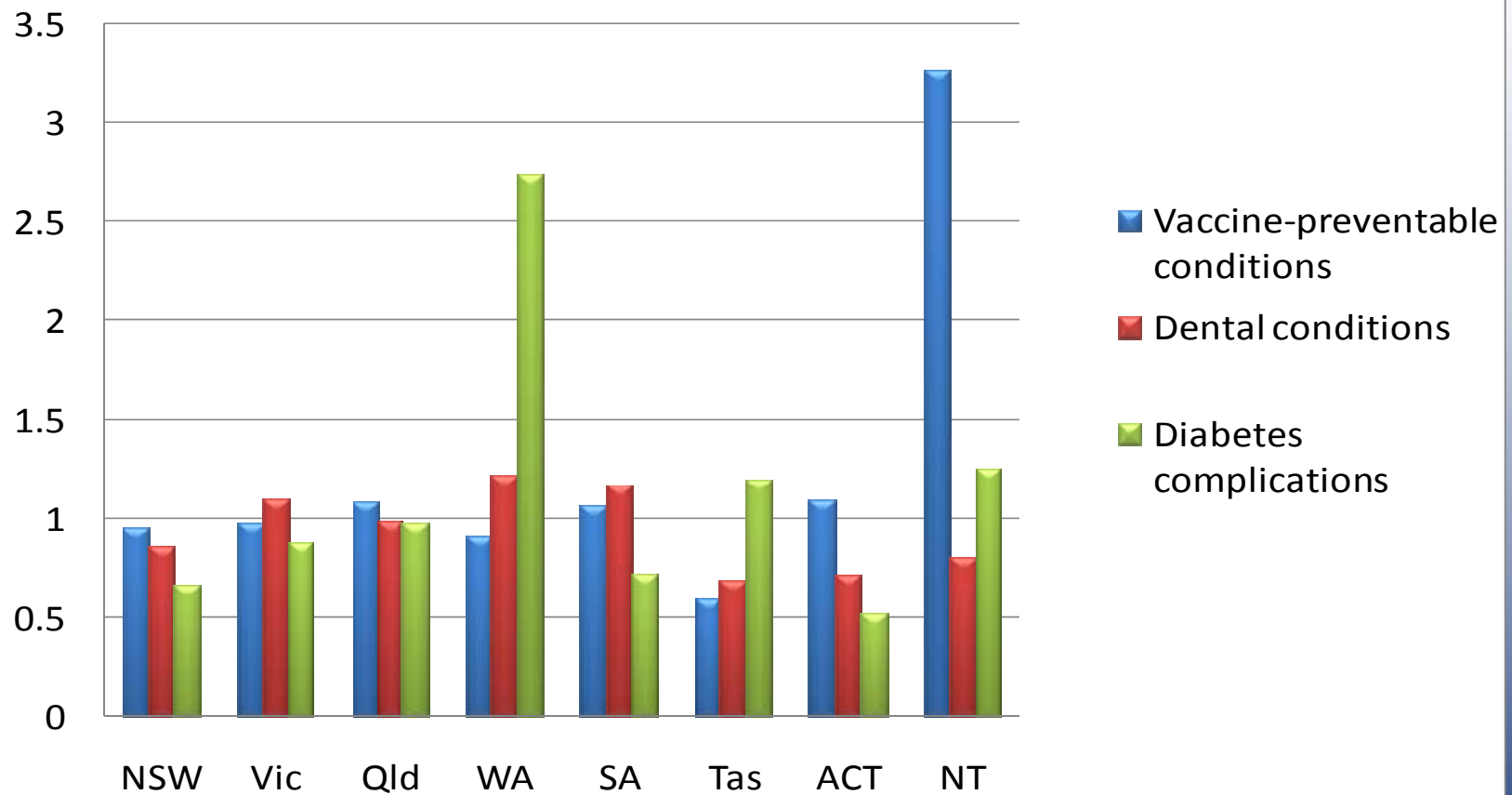


**Cost per casemix-adjusted separation,  
by states, 2007-08**

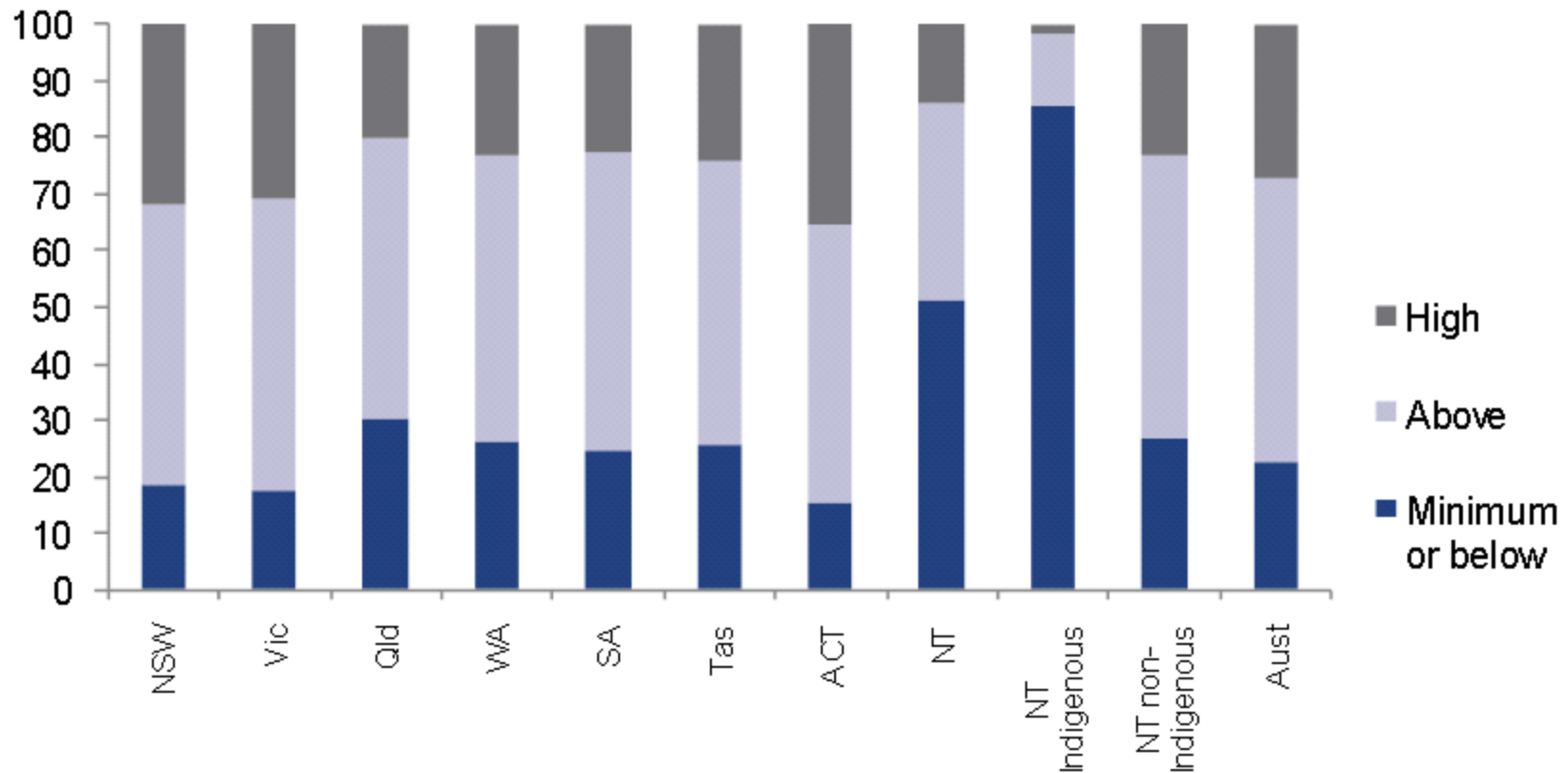
\$s



### Standardised separation rate ratio for selected potentially preventable hospitalisations, by states, 2007-08



## Year 5 Reading, by States, 2008



## Catalyst data

‘Following the woeful performance of Queensland primary school children in national testing last year, the Bligh Government turned to an expert for help. The state’s children need it, after being ranked second-last in the nation.’

*The Australian, 4 May 2009*

Trace connections between past, present, alternative and future policies

**EDUCATIVE**

## Key levers

- Highlighting good practice
- National Partnerships

## Good practice & performance

‘The reports will also highlight examples of good practice and performance so that, over time, innovative reforms or methods of service delivery may be adopted by other jurisdictions.’

Intergovernmental Agreement, C14

## National Partnership on Preventive Health

- Reform Australia's efforts in preventing the lifestyle risks that cause chronic disease:
  - reduce risk of chronic disease by embedding healthy behaviours in schools, workplaces and communities
  - work with the food supply and the food service sectors towards offering healthy choices
  - work with the sport, recreation and fitness sectors to increase physical activity
  - support behavioural change with public education
  - invest in the evidence-base necessary for effective prevention.



Benchmarks for adults	By 2013	By 2015
Healthy weight	Increase in proportion at <i>unhealthy</i> weight held <5% from baseline	Proportion at healthy weight returned to baseline
Healthy nutrition: increase in mean number of daily serves of fruits and vegetables consumed	0.2 fruit 0.5 vegetables	0.6 fruit 1.5 vegetables
Physical activity: increase in proportion participating in at least 30 minutes of moderate physical activity 5+ days a week	5%	15%
Reduction in proportion smoking daily	2%	3-5%

## Payments

- Facilitation payments
  - \$335.5m from 2009-10 to 2014-15
- Reward payments, following independent assessment by COAG Reform Council of whether performance benchmarks have been achieved
  - \$123m in 2013-14
  - \$184.5m in 2014-15

# **INTELLIGENT FEDERALISM**

## The intelligence of democracy

‘The superiority of the pluralist democracy to that of other political systems lies in the greater number of incentives it contains to encourage intelligence and learning in the process of policy making.’

C. Lindblom 1965

## Intelligent federalism

- Democracy x 9

## Advantages of comparative federalism

- The opportunity — and often the pressure — to be innovative and to experiment in order to compete with other jurisdictions
- Ideas can be tested by a jurisdiction and copied by others
- Where experiments fail, federalism ‘cushions the nation as a whole from the full impact of government blunders’. (de Q Walker 1998)

## Intelligent federalism?

- At the heart of new approach to accountability is the question of the extent to which governments deal adequately with — learn constructively from — feedback about their own performance.