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ALGA Submission

to the

Productivity Commission Health Workforce Study

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Introduction

Thank you for the opportunity to provide a submission to the Productivity Commission's Health Workforce Study.

The Australian Local Government Association (ALGA) represents the interests of local government nationally. ALGA is constituted as a federation of the peak Local Government Associations in the six states and the Northern Territory, together with the Government of the ACT. ALGA provides a range of services to its member associations and, through them, local councils throughout Australia. These include:

- information on national issues, policies and trends affecting local government via the Internet, newsletters, special reports and conferences;
- representation on national bodies including the Council of Australian Governments, Ministerial Councils, intergovernmental committees and specialist bodies;
- liaison and negotiation with a wide range of Australian Government ministers and departments, shadow ministers and political parties, as well as other national organisations related to local government;
- policy development to provide a local government perspective on national affairs;
- special projects aimed at enhancing local government's capacity and status in key areas of national concern; and
- lobbying the Australian Government and Parliament on specific issues and running campaigns.

ALGA commends the establishment of the Inquiry into the Health Workforce and recognises the need to examine issues impacting on the health workforce including the supply of, and demand for, health workforce professionals, and propose solutions to ensure the continued delivery of quality health care over the coming years.

About the submission

ALGA recognises that the focus of this research study is on the primary health care workforce and as such our submission discusses the provision of medical services, particularly in rural and remote regions and the impact of medical shortages have on local government.

However for local government, the meaning of 'health workforce' is viewed in a broader context, incorporating activities that relate to health protection, health promotion and disease prevention. Accordingly, this submission shall give particular consideration to the role of local government in the delivery of public health services and the challenges of attracting and maintaining a suitably qualified public health workforce.

The purpose of this discussion is to ensure that appropriate workforce planning activities are in place to best give future surety in protecting and improving the health and wellbeing of Australians through the availability of services and activities that promote healthy environments and address public health risks.

Local government in Australia

Local government is an integral part of the Australian federation and is responsible for ensuring the delivery of local economic, social and environmental outcomes.

Uniquely positioned, local government:

- has an intimate knowledge of local communities and the diversity of their residents
- ensures the physical, social and economic environment of local communities is conducive to the overall well-being of Australia
- provides services and programs that are flexible and locally appropriate to the needs of local communities
- enables community participation in local decision-making and supports the development of community networks
- is a strong advocate on behalf of local communities with other government and non-government organisations.

This unique position entrenches local government's relationship with the community, reinforcing local government's ability to recognise, understand and respond to community needs.

Growth in the delivery of human services

Over recent decades, the range and scope of local government functions have expanded, moving beyond the traditional local government services, such as roads and waste management, to incorporate a growing range of human services.

In its 2001 review of the Local Government (Financial Assistance) Act 1995, the Commonwealth Grants Commission concluded that:

> *"…the composition of services provided by local government has changed markedly over the last 30-35 years and local government is increasingly providing human services (social welfare type services) at the expense of traditional property based services (particularly roads)."*

This trend is illustrated in Table 1a/b which shows that 49% of local government expenditure is now related to the provision of human services, such as welfare, housing, health, community amenities, recreation and culture.

Table 1a: Local government expenditure by state (%), 2002-03a

Purpose	NSW	Vic	Qld	SA	WA	Tas	NT	Total
General public services	15	12	20	17	10	14	38	15
Education, health, welfare and public safety	11	21	3	7	11	6	5	11
Housing and community amenities	26	18	30	19	15	36	27	24
Recreation and culture	11	17	11	17	23	12	7	14
Services to industry (b)	2	1	2	3	1	-	1	1
Transport and communication	29	22	28	25	33	23	14	27
Other	7	8	7	12	8	8	8	8

Table 1b: Total local government expenditure by state ($m), 2002-03a

NSW	Vic	Qld	SA	WA	Tas	NT	Total
5 663	3 970	4 492	1 074	1 596	512	284	17 591

a The ACT does not have local government.
b Industry includes agriculture forestry and fishing, mining manufacturing and construction, and fuel and energy.
Source: *ABS (Government Finance Statistics, Cat. no. 5512.0).*

Cost shifting

The Grants Commission acknowledged that these changes in roles and responsibilities were, to a certain extent, the result of cost shifting on to local councils by other spheres of government.

The Fair Share report found that cost shifting, primarily by state governments and amounting to between $500 million and $1.1 billion each year, was placing severe pressure on councils. The only way to resolve cost shifting, the report found, was for all spheres of government to work together.

Cost shifting is, ultimately, a symptom of what has become dysfunctional governance and funding arrangements. It is time to combine the best efforts of governments and choose a better way.

The report concluded:

> *If local government were involved earlier in the process of determining service delivery, this could reduce areas of unnecessary overlap or duplication between the spheres of government. Further, the reduction of duplication in advice and service delivery between the spheres of government would improve overall cost effectiveness of government services and achieve significant savings.*

The Commission's recent reports into Economic Implication of an Ageing Australia and the Review of National Competition Policy Arrangements reflected these findings.

Public health services

Local government concentrates on planning, coordination, policy development and in many cases direct service provision of population based public health services to their local communities. Particularly those aimed to promote healthy environments and control the causes of disease, illness and injury.

The range of local government public health activities include:

- Health protection through the enforcement of environmental health activities such as environmental protection (e.g. water and air quality and pollution abatement and control, erosion control), urban and stormwater drainage, sanitation, street cleaning, waste management, water supply.

- Health promotion and preventative health programs and services such as health inspections to uphold food quality standards; maternal and child health, such as immunisation clinics, infant health and mothercraft clinics; community hospitals, clinics and community health/ mental health programs and services; community and school dental and nursing services; and care for the frail aged, people with disabilities, and people undergoing rehabilitative or palliative care.

- Public health infrastructure such as policy, planning and implementation frameworks; a suitably skilled workforce; and effective surveillance, monitoring and reporting strategies.

For indigenous councils, there are many additional environmental issues which impact on health standards, many of which are no longer significant issues for many Australian communities. For example, while dog control is predominantly about nuisance control, in an indigenous community, the poor health of animals many impact directly on the health of community residents.

Public health expenditure by local government

The Australian Institute of Health and Wealth (AIHW) in its report - *National Public Health Expenditure Report 1999-00* concluded that local government contributes substantially to expenditure on public health and related activities. AIHW found that in 1999-00 local government expenditure on public health services equated to $222.5million (Table 2).

Table 2: Local government expenditure on public health-type services in 1999-00, by state

State or Territory	Total expenditure ($'000)
New South Wales (a)	124,604
Victoria	39,221
Queensland	41,134
South Australia	6,425
Tasmania	10,798

Northern Territory	322
Australia	222,504

a Expenditure for New South Wales may include non-public health components on waste management and environmental protection.

Source: AIHW, *National Public Health Expenditure Report 1999-00, page 98*

As illustrated in Table 3a/b, for Queensland, South Australia, Tasmania and the Northern Territory, that expenditure was funded by:

- revenue ($22.6 million or 38.6%)
- grants from other levels of government ($5.1 million or 8.6%).
- local government own-source funding ($31 million or 52.8%)

Table 3a: Funding of expenditure by local government authorities on public-health related-type service in 1999-00, by state

State or Territory	Revenue ($'000)	Grants from other levels of government($'000)	Own funding(a) ($'000)	Total expenditure ($'000)
Queensland	20,222	1,625	19,287	41,134
South Australia	349	268	5,808	6,425
Tasmania	2,009	2,851	5,938	10,798
Northern Territory	48	326	-52	322
Total	22,628	5,070	30,981	58,679

Table 3b: Percentage of total expenditure by local government authorities on public-health related-type service in 1999-00, by source

Revenue($'000)	Grants from other levels of government($'000)	Own funding(a) ($'000)	Total expenditure ($'000)
38.6	8.6	52.8	100

a Calculated by substraction
Source: *AIHW, National Public Health Expenditure Report 1999-00, page 98*

Public health workforce in local government

Local government functions which promote, protect and enhance public health are assigned to Environmental Health Officers or Environmental Health Workers (Indigenous communities). EHO/EHWs undertake numerous duties relating to:

- the control, compliance and enforcement of relevant legislation;
- the implementation and co-ordination of environmental management/health programs;
- environmental/public health promotion and community education; and
- prevention of public environmental/health risk.

Environmental Health Officers in large councils are more likely to focus on core environmental health tasks where as in rural councils an EHO may be responsible for additional functions beyond those delegated under legislation. However, as noted by the National Public Health Partnership[1] in its review of Public Health Regulation, a significant challenge for local government is attracting and maintaining a suitably skilled workforce to perform its public health responsibilities. NPHP also recognised that this issue is particularly acute for indigenous, rural and remote councils.

The following discussion presents a summary of two recent reviews that focus on public health workforce issues from a local government perspective.

Queensland Health project

In July 2004, Queensland Health published – *Public Health Workforce in Local Government*. This report is a comprehensive identification of issues faced by Queensland Local Government regarding the enforcement of public health legislation. Specifically the report examines the functions and skills of the workforce responsible for public and environmental health at the local government level, along with issues related to recruitment and retention of a suitably skilled workforce across the range of local government situations in Queensland.

The report includes an action plan, highlighting a series of recommendations in relation to the key issues of the review, which include:

- Increasing awareness and understanding of public health role through measures such as councillor training, enhanced corporate planning, improved reporting, and clarifying roles and responsibilities;
- Encouraging robust regional arrangements via engagement of ROCs and other group employment options;
- Increasing skills, knowledge and capacity of EHOs with on-the-job training, flexible professional entry, bridging courses, specialist training and professional accreditation;
- Promoting career paths for EHOs;
- Developing mentoring and support programs for EHOs
- Developing partnerships with a range of public/environmental health stakeholders;
- Publishing on-line resources and model policies; and
- Supporting Indigenous communities through councillor training, specific purpose environmental health funding and funding of EHWs.

South Australian Environmental Health Officer Workforce Review

A study coordinated by the Environmental Health Service of the South Australian Department of Health (previously Department of Human Services)

[1] The Role of Local Government in Public Health Regulation, National Public Health Partnership, March 2002

was carried out by the EHO Workforce Review Group between February and July 2004.

Representatives from the key stakeholder groups (LGA, Councils, AIEH, and Flinders University, together with the Department of Health) participated to ensure the study covered all related issues, and recommended balanced and achievable strategies to address the issues broadly summarised as:

- current and anticipated shortages of suitably qualified and experienced Environmental Health Officers available to Local Government in SA for both permanent and temporary positions;
- difficulties in attracting and retaining Environmental Health Officers in regional areas of SA; and
- choices, accessibility and suitability of training, education and qualifications available to Environmental Health Officers in SA.

Following the review and the substantial work undertaken by the Workforce Review Group, a Report has now been produced and contains a number of recommendations which, with the commitment of stakeholders, will make a difference to the availability and quality of future environmental health services within South Australia.

There are a total of 33 recommendations within the report, however some of the key recommendations for Local Government focus on:

- increasing the promotion of careers within Local Government;
- developing systems and processes to collect, record and manage listings of qualified EHOs;
- working with the Department of Health to more clearly define the role and extent of environmental health services; and
- to lead a research project to analyse costs, benefits, practicalities and implications of a range of models for delivery of professional services (covering EHOs, Planning and Building Officers) to regional Councils and Council groupings in SA.

It has also been recommended that the LGA, in conjunction with professional bodies, consider developing a recommended practice to Councils regarding an expected level of annual training hours/$ budgets for EHOs and other professional staff with the aim of encouraging Councils to set aside appropriate and equitable training budgets.

Medical services

As a key player in public health and community welfare, local government is increasingly concerned about declining community access to primary and acute health services. For example, Access Economics[2] has estimated a shortfall of between 1,200 and 2,000 general practitioners across Australia, with at least 700 more needed in country areas.

Community and local government concern about the shortage of health care professionals is reflected in numerous resolutions of the National General Assembly of Local Government, such as the following passed in 2002:

> *"That the Australian Local Government Association make representations to the Prime Minister and the Federal Minister for Health to urgently address the ongoing critical shortage of specialists, senior medical officers and medical practitioners with the necessary skills in regional and rural Australia and put in place Medical Practitioner Workforce Planning Strategies (including appropriate strategies) to address this national problem".*

ALGA has previously argued (ALGA 2003-04 Federal Budget Submission) for adoption of measures including:

- action to stop the loss of procedural GPs from regional areas;
- an increase in GP training places;
- elimination of unnecessary barriers to the recruitment of overseas trained doctors;
- increasing the number of medical graduates; and
- funding nurse practitioners to work - with GP supervision where appropriate - in areas where few or no doctors can be secured.

ALGA strongly supports the concept of geographic bonding to address regional doctor shortages, noting that new medical school places are to be offered on the basis that they are bonded to areas of need.

We have also been pleased to see the Australian Government take steps to address the issue of overall shortages in the medical workforce as well as the specific issue of maldistribution. It is accepted that medical workforce planning is inevitably imprecise. However, the conditions of overall shortage which have been experienced over the last decade should have been forseen and substantial workforce action undertaken to counteract consequential outcomes.

[2] The general practice workforce in Australia. Canberra: Access Economics, 2001.

Impact of medical shortages on local government

Where shortages exist, the community invariably looks to local government for help. Although access to health care is fundamentally a federal and state government responsibility, local government – through necessity - has increasingly become engaged in the recruitment and retention of health professionals, particularly of doctors.

In order to recruit doctors, many local governments now offer 'lifestyle packages', including accommodation, provision of fully equipped consulting rooms, travel and assistance with locum relief.

Some councils have gone further. For instance, in Queensland, the Kingaroy Shire Council has implemented its own Medical Workforce Strategy to help rebuild the town's medical workforce. The strategy covers GP services, private hospital facilities and specialist services. In particular, the council purchased and re-opened the town's private hospital, St Aubyn's, which had ceased operation in June 2001. The council now owns and operates the hospital and a medical practice, through a wholly owned council company.

The future of rural practice will see many GPs spending part, possibly a small part, of their working life in regional Australia. These doctors are unlikely to buy a practice, rather seeking contract positions in practices where they can work for a limited time without the financial, administrative or social complications attached to practice ownership.

Increasingly, rural GP practices will be owned by local councils, which will also own and operate an employing entity to free GPs from the complex administrative tasks involved in running a modern general practice.

Local government's investment in medical infrastructure and support services represents a very significant shift of costs from federal and state governments, primarily responsible for access to health care and medical workforce planning, onto poorly resourced councils.

In its December 2003 report, the House of Representatives Inquiry into Cost Shifting onto Local Government acknowledged that:

"… health and welfare is a major area of cost shifting onto local government."

In particular, the Inquiry found:

"… many rural and remote councils use their own resources to attract doctors to their areas". Some councils financially support the housing, travel and salary of doctors, nurses and dentists. For example, to secure medical services, the Shire of Laverton in Western Australia provided incentives totalling $170,00 per year to retain a doctor and about another $48,000 per year to nurses who complete at least six months service at the local hospital."

Good Health to Rural Communities

In 2003, an unusual alliance of organisations with a significant interest in rural health got together to see if they could work together to promote the recruitment and retention of doctors and other health professionals in rural Australia.

The result has been the production of a collaborative policy document, *Good Health to Rural Communities*, jointly developed by the Rural Doctors Association of Australia, the Australian Local Government Association, the National Farmers' Federation, the Country Women's Association of Australia and Health Consumers of Rural and Remote Australia.

Good Health to Rural Communities has attracted considerable interest, not because it advocates any magical answers to persistent workforce problems, but because it advances practical measures that can now be seen to have broad community support.

Local government has been an enthusiastic participant in this exercise for good reason. Councils in regional Australia have always been closely involved in rural health care, through advocacy and intervention. It is invariably the council that has to step in when services that are rightly the responsibility of federal or state governments dry up and disappear.

The report puts forward a ten point plan concerning the most important factors influencing the future provision of health services to Australia's rural and remote communities. This includes recognition that:

- **Small rural hospitals** must be utilised as centres of quality health care and training and their future directed by a focus on health outcomes and community sustainability rather than purely financial considerations

- **Procedural rural medicine (ie medical specialists)** should be sustained through the development of a national strategic approach and initiatives in current and future scholarships and recruitment programs

- **Specialist outreach programs** should be expanded to ensure integration with local healthcare services and the provision of up skilling and support to enhance the sustainability of local healthcare capacity.

- **Practice nurses** should be supported as part of the general practice team by the creation of a Medicare Item Number which enables them to provide specified services.

- **Advanced nursing practice,** in which nurses with special skills and qualifications work as part of a collaborative, though not necessarily co-

located, primary care team which includes a GP, should be supported in areas where access to healthcare is difficult.

- **A local government doctor recruitment infrastructure fund** is needed to assist councils that want to acquire facilities to attract doctors to rural towns, such as housing and medical practices.

- **Overseas Trained Doctors** should have access to suitable supervision, support systems and mentoring provided as part of a system which removes unnecessary barriers to their contribution to rural health while ensuring appropriate standards are protected.

Rural Medical Infrastructure Fund

ALGA welcomes the establishment of the Australian Government's $15 million Rural Medical Infrastructure Fund as a measure to assist rural councils recruit and retain GPs.

The RMIF will provide funding to rural councils to help establish 'walk-in walk-out' medical facilities in small communities, to make it easier for them to recruit or retain general practitioners. The Fund will specifically help:

- increase regional community sustainability and resilience;
- increase the ability of regional areas to attract, recruit and retain GPs; and
- contribute to health outcomes at the community level.

RMIF recognises the changing nature of rural medical practice. Sadly, but not unexpectedly, fewer and fewer doctors are making long term commitments to a single rural community, investing in a private practice with perhaps little hope of being able to make a significant return on its eventual sale.

It is evident that there is an increasing number of transitory doctors. These doctors, often younger females, are moving in and out of rural and remote locations, often while training. With the much welcome advent of bonded scholarships and bonded medical school places, the changing nature of the medical workforce will become more pronounced.

As a result, these transitory doctors will look for salaried positions with attractive lifestyle packages. As the long term doctors retire, there will be fewer and fewer employment positions in group practices owned and run along traditional lines. There will be increasing pressure on councils to step in to purchase and manage medical practices.

While local government is a reluctant player, for many communities, there will be no one else. That's why it is important for those with direct responsibility for the provision of health care services – state and federal governments – to ensure councils are not forced to bear the cost.

Conclusion

Local government plays an important and expanding role in the Australian federation, delivering a range of important health and related services at the local level. To ensure local government can continue to carry out its well established roles in health and related services, the way forward for local should include:

Improving service delivery - *Better governance arrangements*

The Fair Share report concluded:
"If local government were involved earlier in the process of determining service delivery, this could reduce areas of unnecessary overlap or duplication between the spheres of government. Further, the reduction of duplication in advice and service delivery between the spheres of government would improve overall cost effectiveness of government services and achieve significant savings".

As part of the Australian Government's response to the Fair Share Report, it agreed to the development of a tripartite inter-governmental agreement on local government relations. It is proposed that this agreement will provide an overarching framework for all relations between the three levels of government. The IGA will articulate how roles and responsibilities are determined for each sphere of government and would ensure that any additional roles and responsibilities undertaken by local government are appropriately funded.

ALGA considers such an agreement as essential to developing a whole of government approach to service delivery as well as improving governance arrangements.

Developing workforce capacity – *Investment in local government's public health workforce*

Workforce development activities enhanced the role of local government in bringing about more effective local health planning and provision of health services to local communities. To achieve this, greater investment is required in local government's public health workforce, as recommended by both the Queensland and South Australian reviews.

Building on RMIF - *A fair share for local government*

ALGA seeks an increase in the quantum of assistance through changes in the way the Australian Government calculates Financial Assistance Grants (FAGs). The current program does not provide local government with sufficient growth in funding to meet increasing demand. The CPI-based escalation methodology has seen FAGs steadily decline as a proportion of

total Commonwealth taxation revenue. The scheme is more than 30 years old and does not reflect the changes in local government's roles and responsibilities. Nor does it reflect the real costs of providing services and maintaining infrastructure.

Consequently, ALGA seeks to resolve this problem by linking the quantum of financial assistance for local government to an agreed proportion of total Commonwealth taxation revenue (excluding GST). In advocating this reform, ALGA proposes a graduated two-step approach. Initially, by amending the escalation factor to more closely align growth in FAGs with that of the Australian economy; and subsequently, setting the quantum of FAGs at an amount equivalent to 1% of total Commonwealth taxation revenue (excluding GST).