

The Department of Health and Human Services Response to the Public Accounts and Estimates Committee's Inquiry into the Impact on Victorian Government Service Delivery of Changes to National Partnership Agreements

Background

On 21 August 2015, the Department of Premier and Cabinet provided a whole of Victorian Government submission to the Committee's Inquiry into the Impact on Victorian Government Service Delivery of Changes to National Partnership Agreements. A follow-up whole of Victorian Government response to the Committee's questionnaire was provided on 6 November 2015.

The Secretary of the Department of Health and Human Services (the department) appeared before the Committee on 17 November 2015 at the invitation of the Chair of the Committee, Mr Danny Pearson MP.

On 10 December 2015, the Chair of the Committee wrote to the Secretary of the department seeking responses to the following:

- questions taken on notice by the Secretary at the public hearing and other issues arising from the public hearing
- questions arising from the whole of Victorian Government response to the Public Accounts and Estimate Committee's (Committee's) questionnaire on 6 November 2015.

This is the department's response to the Committee's request and provides the answers to the questions to assist its Inquiry.

Section A – Questions taken on notice and other issues arising from the transcript of evidence dated 17 November 2015

Australian National Audit Office Review of National Partnership Agreement on Homelessness

Question 1: *Could the department please provide any details and/or views whether recommendations based on the Australian National Audit Office audit report titled Implementation of the National Partnership Agreement on Homelessness (ANAO report) was a specific driver that resulted in changes being made to the NPA in terms of reporting requirements and structure?*

Answer: It is unclear if the ANAO report was a specific driver that influenced the Commonwealth's approach to negotiations with the states and territories, or led to changes in recent NPAH agreements.

Following its release in May 2013, the Commonwealth did not communicate to the states that the report was a specific driver of changes or the inclusion of any particular measure in subsequent agreements.

Reward Payments for NPA on Preventive Health

Question 2a: *given that it takes a long time to measure achievements in preventative health, could the department advise what these reward payments were going to be for?*

Answer: Reward payments were to be provided on meeting agreed performance benchmarks detailed in the NPA and assessed at June 2016 and December 2017. These being:

- Increase in proportion of children and adults at unhealthy weight held at less than five per cent from baseline for each state by 2016; proportion of children and adults at healthy weight returned to baseline level by 2018.

- Increase in mean number of daily serves of fruits and vegetables consumed by children and adults by at least 0.2 for fruits and 0.5 for vegetables from baseline for each state by 2016; 0.6 for fruits and 1.5 for vegetables by 2018.
- Increase in proportion of children participating in at least 60 minutes of moderate physical activity every day from baseline for each state by five per cent by 2016; by 15 per cent by 2018.
- Increase in proportion of adults participating in at least 30 minutes of moderate physical activity on five or more days of the week of 5 per cent from baseline for each state by 2016; by 15 per cent by 2018.
- Reduction in state baseline for proportion of adults smoking daily commensurate with a two percentage point reduction in smoking from 2007 national baseline by 2011; 3.5 percentage point reduction from 2007 national baseline by 2013.

The NPA stated that states and territories would have received partial payments for partial attainment of performance targets, with partial payments proportionate to achievement. For example, a jurisdiction would receive 50 per cent of the reward payment for a move half way to the target.

Question 2b: *to what extent has the NPA on Preventative Health been accommodated for by the Victorian state budget?*

Answer: While Victoria *continued* investment in preventive health this has not specifically accommodated the loss of NPA funding.

NPA as a Percentage of Overall Health Funding

Question 3: *On page 9 of the transcript of evidence, the Committee highlighted base health funding outside the NPA and asked what is the current percentage and actual figure of Victoria's overall health funding received from the Commonwealth Government would be contributed by NPAs?*

Answer: As per page 9 of the transcript of evidence, National Agreements and NPAs account for 27 per cent of the department's output budget of \$20,049 million. Health funding accounted for \$5,450 million.

Section B – Questions arising from the whole of Victorian Government response (dated 6 November 2015) to the Committee's questionnaire (dated 14 October 2015)

Question 1: *Could the department populate the table format below to provide the Committee with more specific information on all NPAs within the health and human services portfolio entered into since 2008.*

Answer: Please see attachment (NPA funding table)

Question 2: *Building on from Question 4, could the department please populate the following table below to provide the Committee a further breakdown of how much of the NPA payments received were utilised for capital works/infrastructure projects, ongoing service delivery or facilitating reforms in the health and human services portfolio.*

Answer: Information regarding NPAs capital works/infrastructure projects and ongoing service delivery payments are provided in the attached NPA funding table. Some NPAs in the Health and Human Services portfolio have been provided and used for a mixture of Capital, Service Delivery and Reform. However it should be noted that some NPAs have specific schedules which are for Capital, e.g. Schedules B (Elective Surgery Capital Funding) & D (Emergency Department Capital Funding) of the NPA on Improving Public Hospital Services. Under the IGA on FFR, NPAs and PAs are typically time-limited.

Question 3: *As the service delivery practitioner that executes and implements the NPAs, does the department engage/consult formally or informally with respective Commonwealth portfolio counterparts to contribute the practitioner knowledge and experience on policy and program design issues during the NPA drafting stage?*

Answer:

The department engages with Commonwealth counterparts to discuss broad policy directions, service development and design and its links with NPAs. The intent of these discussions with the Commonwealth is to impart practitioner knowledge and experience on policy and program design issues that is reflected in the NPA drafting stage.

However, the NPA process is often separate to these discussions and practitioner knowledge and experience is often not reflected in the NPA draft provided by the Commonwealth. The recent trend by the Commonwealth to negotiate NPAs under very short timeframes limits consultation with the sector, meaning 'front-line' practitioner knowledge and experience on policy and program design issues are not incorporated into NPAs.

Negotiations begin when the Department of the Prime Minister and Cabinet initiates NPA negotiations with states' first ministers' departments on a draft NPA, and the Commonwealth Treasury will initiate negotiations with state treasuries. A draft NPA will be provided to the states and the Commonwealth and state portfolio departments will then have the lead on negotiations and will be responsible for keeping central agencies informed of progress. In some instances central agencies may lead the negotiations.

Central agencies work closely with the department to ensure the draft NPA meets Victoria's needs and also considers the level of risk, alignment with current programs, levels of reporting and funding levels. This is a team effort between portfolio departments and central agencies to ensure the best outcome for all Victorians.

B. Questions arising from the whole of government response (dated 6 November 2015) to the Committee questionnaire (dated 14 October 2015)

Question 1: Could the department populate the table format below to provide the Committee with more specific information on all NPAs within the health and human services portfolio entered into since 2008.

Answer: The below table provides the information as requested by the Committee. In addition, the department has included an additional column in the table to provide the purpose of the NPA, which identifies if the NPA was purely of capital works/infrastructure projects or ongoing service delivery, or both. The information provided responds in part to question 2.

| Name of NPA | Purpose of NPA | NPA type | NPA Agreement Period | NPA Agreement Funding Level Committed to Victoria (\$m) | NPA Actual Payments Received to Date (\$m) | NPA Current Status (Current / Lapsed / Cancelled) | Further Remarks / Comments |
|---|---|--|---|--|--|--|---|
| 1. Improving Public Hospital Services | The NPA was signed by Victoria in 2011 alongside the National Health Reform Agreement (NHRA). This NPA aimed to improve efficiency and capacity in public hospitals, encompassing public patient access to elective surgery, emergency department and the sub-acute care services elements of the NHRA, including through funding for capital works. | A mix of Capital, Service Delivery and Reform. | 2009-10 to 2016-17. | Total funding available to Victoria was \$822 million, which included \$99.8 million in potential reward funding. | Total funding received for facilitation and capital was \$723.1 million and \$5.1 million in reward funding. | This NPA was cancelled in the 2014-15 Commonwealth Budget without prior notice to the state. | |
| 2. Preventative Health | The purpose of this NPA was to address the rising prevalence of lifestyle related chronic diseases, by: <ul style="list-style-type: none"> laying the foundations for healthy behaviours in the daily lives of Australians through social marketing efforts and the national roll out of programs supporting healthy lifestyles; and supporting these programs and the subsequent evolution of policy with the enabling infrastructure for evidence-based policy design and coordinated implementation. | Reform. | 2009-10 to 2014-15. In 2012, the NPA was varied to extend the timeframe to 2017-18. Note the NPA was signed in 2008-2009, however funding did not commence until 2009-10 (paid in 2010-11). | Total funding available to Victoria was \$119.179 million for facilitation and \$37.434 million in reward payments. | Total funding received was \$67.076 million. | This NPA was cancelled in the 2014-15 Commonwealth Budget without prior notice to the state. | The cancellation of this NPA resulted in a loss of \$52.104 million in facilitation payments, plus the potential \$37.434 million in reward payments. This is a total loss of \$89.538 million. |
| 3. Hospital and Health Workforce Reform | The purpose of this NPA was to improve efficiency and capacity in public hospitals through improvement of: <ul style="list-style-type: none"> the efficiency of public hospital services health workforce capability and supply the volume and quality of sub-acute services the functioning of emergency departments thereby supporting an efficient and effective public hospital system that delivers high quality and safe services to patients. | A mix of Capital, Service Delivery and Reform. | 2008-09 to 2012-13. | Total funding available to Victoria was \$341.8 million. | Total funding received was \$341.8 million. | Lapsed. | |
| 4. Victorian Comprehensive Cancer Centre (Parkville) | The objective of the NPA on Health Infrastructure – Victorian Comprehensive Cancer Centre (Parkville) is to improve the health and wellbeing of Australians through the provision of high-quality physical and technological health infrastructure. | Capital. | 2008-09 to until February 2016. | Total funding provided by the Commonwealth available to Victoria is \$426.1 million. Contributions totalling \$201.685 million is available to Victoria from co-investors. | Total funding received to date from the Commonwealth is \$376.1 million. Victoria is expecting \$50 million from the Commonwealth in 2015-16. Co-investors have provided \$20.625 million to date and are expected to provide \$10 million in 2015-16 and \$171.06 million in 2016-17. | Current. | |
| 5. Essential Vaccines | The objective of this NPA is to improve the health and wellbeing of Victorians through the cost-effective delivery of immunisation programs under the National Immunisation Program. | Service Delivery. | 2009-10 – ongoing. | Total funding provided from 2009-10 to 2014-15 was \$403.6 million. | Total funding received to date was \$403.6 million. Victoria anticipates the 2014-15 reward payment of \$1.667 million will be paid in 2015-16. | Current. | |
| 6. Supporting National Mental Health Reform | The objective of this NPA is to pilot four models of support for people who are mentally ill to reduce demand on emergency departments and improve outcomes for those with a mental illness. | A mix of Capital and Service Delivery Reform. | 2011-12 to 2015-16. | Total funding available to Victoria is \$37.339 million. | Total funding received to date was \$29.731 million. Victoria is expecting \$7.608 million in 2015-16. | Current. | This NPA will expire on 30 June 2016. |
| 7. Royal Victorian Eye and Ear | The objective of this NPA is for the Commonwealth to provide funding for the completion of the Royal Victorian Eye and Ear | Capital. | 2014-15 to 2015-16. | Total funding available to Victoria is \$100 million. | Total funding received to date was \$50 million. | Current. | |

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|--|---|---|---|--|---|--|---|
| Hospital Redevelopment | Hospital. | | | | Victoria is expecting \$50 million in 2015-16. | | |
| 8. Treating More Public Dental Patients | The objective of this NPA is to alleviate pressure on public dental waiting lists with a particular focus on Indigenous patients, patients at high risk of, or from, major oral health problems and those from rural areas. | Service Delivery (not ongoing as time-limited agreement). | 2012-13 to 2014-15. | Total funding available to Victoria was \$85.4 million. | Total funding received was \$85.4 million. | Lapsed. | A one-year <i>NPA on Adult Public Dental Service</i> was confirmed in the 2015-16 Commonwealth Budget, which provides up to \$38.45 million. |
| 9. Homelessness | The objective of this NPA is to reduce homelessness through sustained effort and partnerships with business, the not-for-profit sector and the community. | Service Delivery, with some funding utilised for reform activities. | 2008-09 to 2012-13 2013-14 2014-15 2015-16 to 2016-17. | Total funding available to Victoria is \$166.7 million and approximately \$63 million for capital and support. | Total funding received to date was \$121.1 million and approximately \$63 million in capital and support. Victoria is expecting to receive \$45.6 million for 2015-16 to 2016-17. | Current. | |
| 10. Certain Concessions for Pensioners and Senior Card Holders | The objective of this NPA was to improve the affordability of specific services for Pensioner Concession Card holders and out-of-state Seniors Card holders. | Service Delivery. | 2008-09 to 2011-12 2013 to 2016. | The funding committed for 2008-09 to 2011-12 was indexed and adjusted based on funding levels for 2008-09. Funding for January to June 2009 was \$27.316 million. For the previous six months, funding was paid under Specific Purpose Payment arrangements. Under Part 2 of the NPA a total of \$6.963 million was committed. For 2013 to 2016, funding indexed and adjusted based on 2012-13 funding level of \$67.254 million per annum. Under Part 2 of the NPA a total of \$6.572 million was committed. | Total funding received to date was \$379.7 million. | This NPA was cancelled in the 2014-15 Commonwealth Budget without prior notice to the state. | Cessation of this NPA will cost Victoria \$229.96 million over the period 2014-15 to 2016-17. |
| 11. Aged Care Assessment Program | The main purpose of this NPA has been to manage the Aged Care Assessment Program, which funds 18 Aged Care Assessment Teams (ACATs) in Victoria. The ACATs assess older people to determine eligibility for Commonwealth-funded residential aged care or community care packages. | Service Delivery. | In various forms since 1984. The current contract between the Commonwealth and Victoria expires on 30 June 2016. The Commonwealth is negotiating a new contract with all jurisdictions for 2016-2018. | Total funding committed to Victoria was \$175.6 million. | Total funding received by Victoria from 2008-09 to 2014-15 was \$148.9 million. Victoria is expecting to receive \$27.9 million for 2015-16. | Current. | |
| 12. Home and Community Care Program | The main purpose of this NPA has been to manage a comprehensive range of integrated home and community care services for frail aged people and younger people with disabilities and their carers. | Service Delivery. | In various forms since 1985. The current agreement is from 2007 to 30 June 2016. | Total funding committed to Victoria was \$2310.8 million (based on letters of offer of Commonwealth funding 2008-09 to 2014-15). | Total funding received by Victoria from 2008-09 to 2014-15 was \$2306.8 million. Victoria is expecting to receive \$415 million for 2015-16. | Current. | In 2014-15 the funds transferred to the state was \$4 million less than the funds identified in the letter of offer. This \$4 million is pending Commonwealth approval. |
| 13. Social Housing | The objective of the NPA was to facilitate the implementation of a 'Social Housing Growth Fund'. This Fund provided capital funding to support a range of projects to increase the supply of social housing in the short term and enable more disadvantaged households to access safe and secure housing that meets their needs. | Capital. | 1 January 2009 to 30 June 2010. | Total funding committed to Victoria under this NPA was \$99.2 million. | Total funding received under this NPA was \$99.2 million. | Lapsed. | |
| 14. Nation Building and Jobs Plan: Building Prosperity for the Future and | This NPA was aimed at maximising the timely and effective delivery of the Commonwealth's Nation Building and Jobs Plan and Nation Building Statement. The specific objectives included: <ul style="list-style-type: none"> to increase the supply of social housing through: <ul style="list-style-type: none"> new construction | Capital. | 5 February 2009 to 31 December 2012. | Total funding committed to Victoria under this NPA was \$1.266 billion. | Total funding received under this NPA was \$1.266 billion. | Lapsed. | |

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| Building Jobs Now – Social Housing | <ul style="list-style-type: none"> ○ refurbishment of existing stock that would otherwise be unavailable for occupancy • to provide increased opportunities for persons who are homeless or at risk of homelessness to gain secure long term accommodation. • to stimulate the building and construction industry, both through funding additional dwellings and increasing expenditure on repairs and maintenance. | | | | | | |