

Submission to Productivity Commission Human Services Enquiry

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I am a senior staff medical specialist in a Victorian public hospital. My submission is informed partly by my extensive experience within the Victorian healthcare system, but partly by my long-standing and passionate interest in the efficient and equitable provision of healthcare to Australia's populace. While it is likely that my comments apply in principle to other areas of human services, my knowledge and expertise are limited to the area of healthcare.

I wish to begin by taking issue with the fundamental nature of this enquiry. I believe that certain outcomes are almost guaranteed by its terms of reference and even by the language used within the published Issues Paper. It is an inquiry into "introducing competition and informed user choice into human services". The phrase "competition, contestability and user choice" is used repeatedly, and at key points, throughout the issues paper. Perhaps this is an accidental grouping together of three quite distinct topics, and therefore simply an egregious error; but I suspect it is deliberate, and therefore execrable. The linking of these three policy choices – and they are all choices – means that support for the third will inevitably but subtly be linked to the first two. Let's be clear about this: there is widespread support among experts and consumers for increased choice in service provision; whereas the place of competition and contestability is highly contentious.

I offer an illustrative example informed by my own family's experiences. Until recently, the provision of public Child and Adolescent Mental Health services in Victoria was rigidly by region. No matter how irreparable an impasse a family might reach with *their* service, they had no ability to seek transfer to a different service. The Victorian government has moved to rectify this situation, to the benefit of families but the minor inconvenience of services. But I stress that this was a matter of removing a cruel and arbitrary interdict against choice within a part of the public health system; alternative privately provided services would have had no role to play in solving the problem.

The issues paper states that "Government involvement also helps to ensure that all members of the community have access to a minimum level of fundamental human services." This is an important statement, and one which should not go unchallenged. It implies, as does the very existence of this enquiry, that government's role is the provision of a sort of basic safety net in healthcare and other human services. If I were setting up an enquiry into the best provision of human services, it would start from a fundamental premise that government's role is to provide high quality human services for all citizens, the fundamental principles being universality, high quality, equity, responsiveness, choice and efficiency – roughly in that order of importance. I would then ask in what areas, if any, the provision of services by private providers could make a contribution. And I'd be quite willing to allow that in many fields the answer would be 'none'.

In its definition of 'competition', the issues paper states that "Competition involves public and/or private providers of a service (or substitute services) striving against one another to attract business. If competition is effective, service providers will attempt to attract business by reducing the price they charge, improving the quality of their service, offering new and innovative services, or tailoring their services to better meet the needs of users." I cannot stress enough the extent to which the market logic which underlies this statement is catastrophically flawed in the area of healthcare provision. I assure you that when I am anaesthetising small children at Monash Medical Centre, I am not focused on doing a better job than my colleagues down the road at the Royal Children's Hospital.

Whether it be in nursing homes or in private hospitals, private providers are motivated by profit. They will tend to make service cuts, or 'cherry pick' the most profitable residents or most profitable procedures, to the extent that they can do so without being caught out. Government's role then becomes one of making more and more regulations, in order to keep ahead of the cunning managers of private service providers, until there is a complex bureaucracy ensuring that the private providers are actually providing the 'quality, equity, efficiency, accountability and responsiveness' which we desire.

This paradigm simply doesn't work in human services provision. I hope more eloquent and lengthier submissions will spell this out.

There is much that Governments could do to improve the 'quality, equity, efficiency, accountability and responsiveness' of Australia's healthcare system. But the solutions are not to be found within this enquiry and are mostly outside the remit of the Productivity Commission.

I can simply list a few:

- removal of the duplication and waste arising from our mixed national / state systems of healthcare
- redirection of expenditure towards mental health, dental health and preventative health
- recognition that a large proportion of highly expensive acute hospital care goes on people (mainly elderly, but all ages) who are dying. Government has a vital role in helping our society address and change this situation.
- removal of the private health insurance rebate, which has been shown repeatedly to be both inequitable and inefficient.
- control of the exorbitant remuneration available to procedural specialists.
- exploration of alternative models of primary healthcare provision, which move away from a private, fee-for-service model.

Australia has the wealth and resources to indeed achieve a more effective, equitable and efficient healthcare system. I fear that this enquiry risks moving the nation in the opposite direction.