



PC NEWS



CONTENTS

- Government assistance to industry 3
- Enhancing competition in Australia’s financial system 7
- Reforming human services 10
- Health services across Australia – how are they performing? 13
- Commission news 22



Australian Government
Productivity Commission

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians.

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Government assistance to industry

Australian industry received more than \$19 billion in assistance from the Australian Government in 2016-17 – this was a substantial increase over the previous year’s estimate.

The Australian Government provides assistance to industries in many ways – including through tariffs on imported goods, budgetary outlays, tax concessions, and regulatory restrictions on competition. Assistance is provided for a range of reasons. Some types of assistance, such as for R&D and measures aimed at meeting environmental objectives, may

be designed to deliver net community benefits that markets, left alone, would not realise. Often, however, assistance measures are intended to favour some industries over others, to the detriment of the community as a whole. And sometimes measures that governments *claim* to serve the public interest actually favour specific groups.

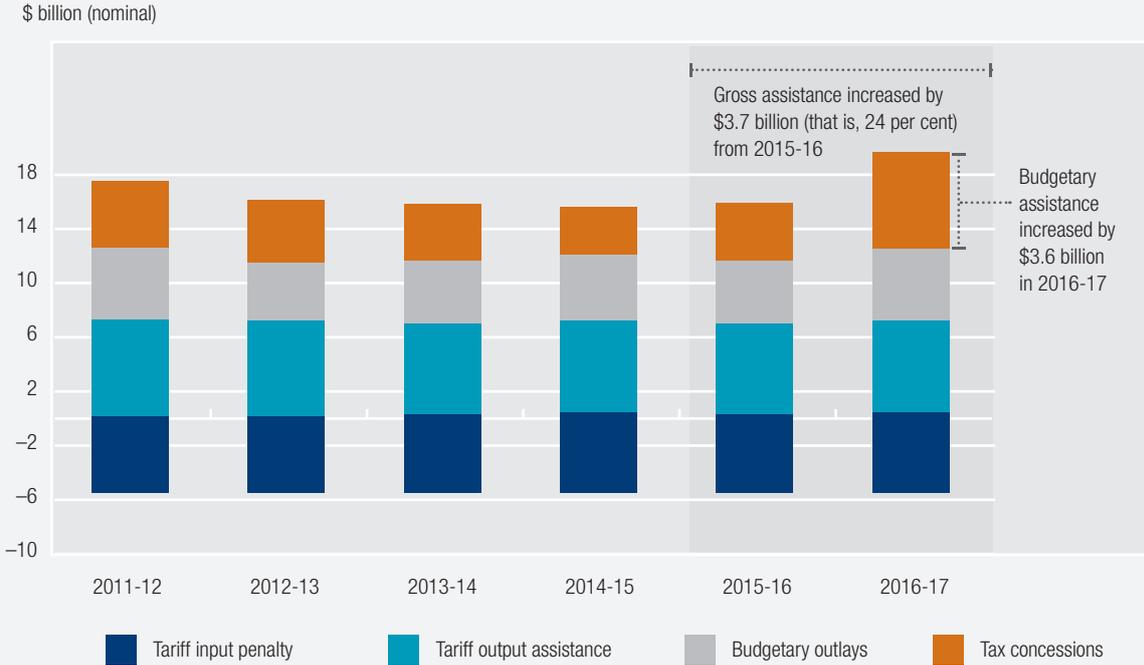
While industry assistance benefits the firms or industries that receive it, it imposes costs on other sectors of the economy. For example, direct business subsidies increase returns to recipient firms and

industries. However, to fund the subsidies, governments increase taxes and charges, or cut back on other spending. Similarly, tariffs shelter domestic goods producers from international competition,

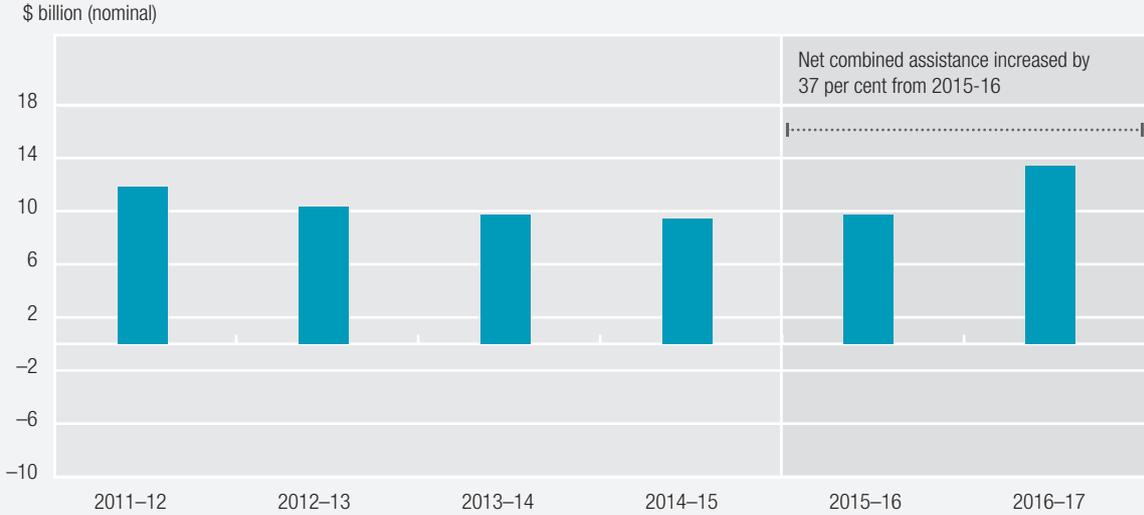
Total industry assistance was significantly higher in 2016-17 than in previous years, with tax concessions increasing the most.

Aggregate estimates of measurable assistance, 2011-12 to 2016-17

Gross assistance by component



**Net combined assistance
(Gross assistance less tariff penalty on inputs)**

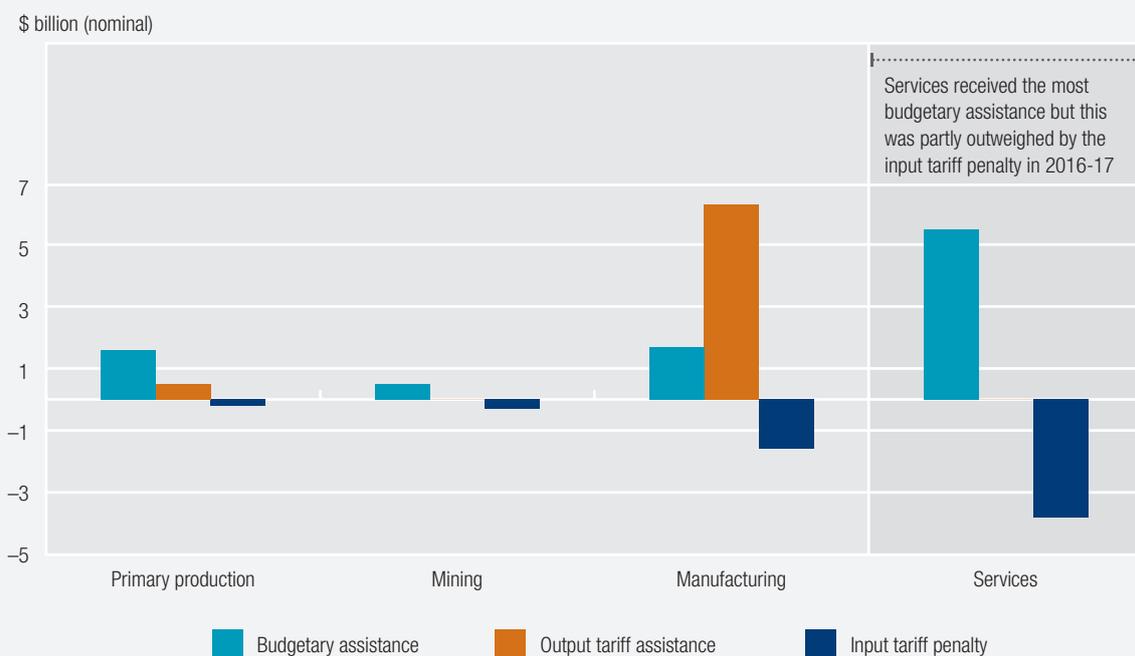


Source: Commission estimates

Manufacturing receives the majority of industry assistance

The incidence of assistance varies across industries, 2016-17

Components of assistance



Source: Commission estimates

but they result in higher input costs for other local businesses, reducing the competitiveness of those businesses. They also effectively tax consumers by imposing higher prices on the goods subject to the tariff, leaving them with less money to spend on other goods and services.

For 2016-17, Australian Government assistance to industry was estimated at \$19.3 billion in gross terms. This comprised \$6.8 billion in gross tariff assistance, \$5.3 billion of budgetary outlays, and \$7.2 billion in tax concessions. Net assistance (after accounting for the cost to Australian business of tariffs on imported inputs) was \$13.4 billion – an increase of over \$4 billion (or 24 per cent) on 2015-16.

The largest contribution to the increase is the expansion in small business tax cuts. While some may question whether these cuts are industry assistance, they advantage one form of business over another, and if they continue to apply only to small business, they will skew investment and harm the economy over time.

Manufacturing receives the highest level of assistance due mainly to tariff assistance. The services sector records much lower net assistance, as it incurs

about two thirds of the input cost penalty resulting from manufacturing tariffs.

Concessional project financing is playing an increasing role

There has been a recent trend towards delivering industry assistance through government finance facilities that extend credit to businesses or provide guarantees for their commercial loans. These include the Northern Australia Infrastructure Facility, the Defence Export Facility, the National Water Infrastructure Loan Facility and the Farm Business Concessional Loans Scheme. In total, these decisions will provide up to \$12.8 billion in business finance.

The Commission has not assessed the costs and benefits of each program. However, Australia has relatively deep and liquid financial markets. Proponents of taxpayer-funded financing of commercial projects should demonstrate how this serves the public interest. Even where there is a convincing argument for government assistance, use of financing, as opposed to other policy options, should be explained. In light of the past poor performance of similar schemes,

these new financing measures should be reviewed early in their operation to ensure they genuinely make Australians better off, and that they do not merely benefit project proponents.

Moreover, there should be strict requirements for transparency and due diligence in providing finance.

Rising protectionism – how should Australia respond?

The foremost global trade policy issue currently is the uncertainty created by changes in US trade policy, which potentially threaten the liberal, rules-based world trading system. The *Trade and Assistance Review* identified a number of these recent measures including:

- withdrawal from the Trans-Pacific Partnership (TPP)
- renegotiation of the North-American Free Trade Agreement and the United States Korea-Free Trade Agreement
- imposition of tariffs on steel and aluminium imports into the USA from a range of countries on national security grounds, but suspending application as negotiating leverage.
- further tariffs on imports from China, related to concerns about intellectual property rights.

In the event of a global rise in protection, Australia would not go unscathed. Previous Commission modelling of significant international increases in protection estimated that Australia's GDP could fall by up to 1 per cent, 5 per cent of the capital stock could be mothballed, and up to 100,000 jobs could be lost.¹



Commission Chairman Peter Harris emphasised that 'Australia's interests clearly lie in resisting this protectionist trend. Trade liberalisation has contributed to Australia's economic resilience, enabling over 25 years of uninterrupted growth, despite major disruptive events such as the GFC and the Asian Financial Crisis'.

Should global protectionist trends increase, Australia may face intense pressure to increase its own barriers to international trade and investment. The Commission's analysis shows there would be no economic justification for joining such a trade war. Rather, Australia would still benefit from continuing to pursue freer markets and improving the functioning of the rules based international trading system.

In international negotiations, Australia will be best served by continuing to work with like minded countries to pursue freer markets and improve the functioning of the rules-based international trading system by:

- prioritising regional agreements that follow, or work directly towards, WTO 'most favoured nation' treatment (under which countries provide equal trade advantages to all their trading partners)
- promoting the greater use of plurilateral² sector specific agreements negotiated in the context of the World Trade Organization
- pursuing only those bilateral trade agreements where there is a strong prior case that a clear net benefit to Australia will result
- broadening negotiations over agreements to include objective and critical assessment of their value, not just involving parties seeking an advantage or protecting a constituency
- adopting better consultation processes in negotiating agreements, including widening the access of stakeholder groups to draft treaty text on a confidential basis during the negotiation
- strengthening Australia's reputation as an attractive destination for international investors through more consistent, transparent and predictable foreign investment approval processes while preserving our national security interests.

Trade & Assistance Review 2016-17

> Released April 2018

¹ 'Rising Protectionism: Challenges, Threats and Opportunities for Australia', Commission Research Paper, July 2017

² A plurilateral agreement is a voluntary agreement among some WTO members (whereas a multilateral agreement is a requirement of all WTO members).



Enhancing competition in Australia's financial system

Some of the benefits of competition for consumers have been foregone in the quest for system stability.

The Australian financial system is a very large, strong and growing part of the economy. Comprising banks, credit unions, insurers and reinsurers, and superannuation funds, with a combined total of \$7.6 trillion in assets, it contributes around \$150 billion per year to Australia's gross domestic production.

Throughout its history, the financial system has experienced bouts of intense competition that have

benefited Australians, such as in the 1990s when Aussie Home Loans and RAMS entered the home loan market offering lower interest rates than traditional institutions. However, in recent years, there have been growing concerns that financial institutions are not serving the Australian people as well as they should.

Misconduct, market manipulation and deceptive behaviour have become evident in many financial service providers. Strong institutions with a consumer-oriented mandate should not need to engage in this behaviour.

In May 2017, the Australian Government asked the Productivity Commission to review competition in Australia’s financial system with a view to improving consumer outcomes, and the productivity, international competitiveness and innovation of the system, while balancing the need for financial stability.

A draft report, released in February 2018, considered a range of issues, including competition in specific product markets (home loans, credit cards, small-and-medium enterprise (SME) finance and general insurance), how prudential and macro-prudential regulations have affected competition, and the level of vertical integration in the sector. The

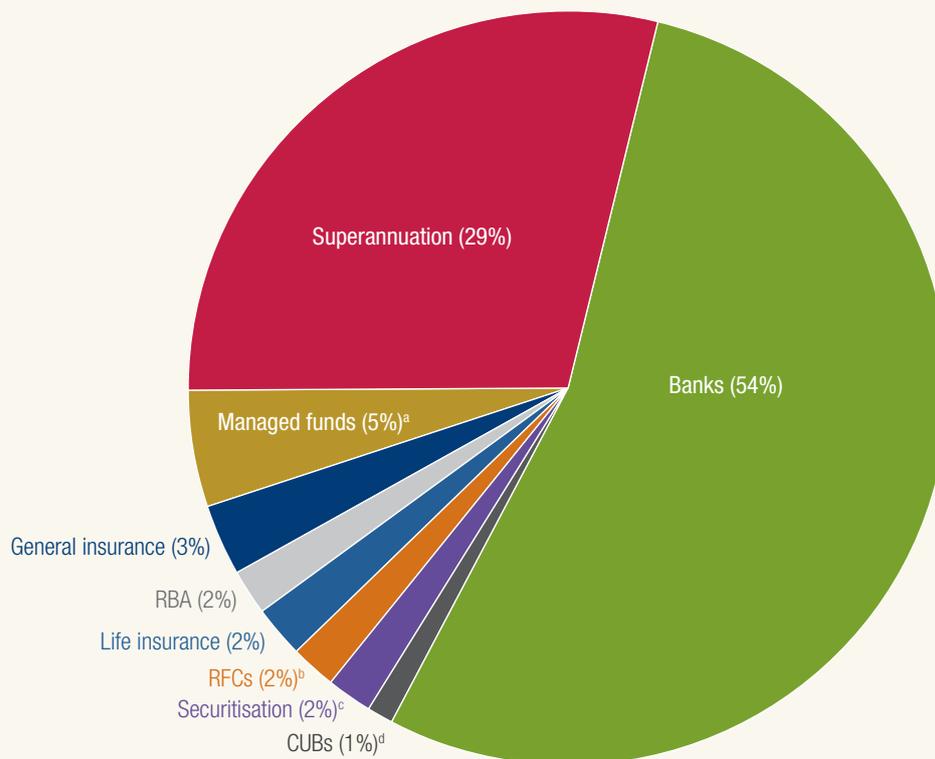
report contained 24 draft findings, 25 draft recommendations and 11 requests for further information.

Why is competition in the financial system important?

Competition is an important driver of efficiency and innovation in the financial system. It creates incentives for providers to offer improved or better-value financial products to meet the needs of consumers, and to do so at the lowest possible cost. Competition creates a self-reinforcing cycle: when faced with strong competition, providers must, in turn, compete to retain or gain market share.

Australian consumers rely on the financial system to (among other things): pay for everyday items, save for larger purchases, manage their cash flow, borrow money for a house and insure themselves against

Banking is the largest segment of the financial system Total assets as at December 2017



^a Includes public unit trusts, cash management trusts, common funds and friendly societies.

^b Registered Financial Corporations whose assets exceed \$50 million, including money market corporations, finance companies and general financiers.

^c Special purpose vehicles set up to securitise selected assets, including residential mortgages.

^d Credit unions and building societies.

Source: Reserve Bank of Australia, 2018, *Cash rate*, <https://www.rba.gov.au/statistics/cash-rate/> (accessed 22 January 2018).

risks. The financial system also supports business investment in other sectors of the economy. For this reason, a strongly competitive financial system has flow-on benefits for Australians and the Australian economy as a whole.

A snapshot of the draft report

The Commission's draft report found that competition in the financial system is necessarily constrained (restrictions on who can sell financial products are fundamental supports to system stability and consumer protection). Market power is held by a small number of large institutions in a number of important financial markets. And regulators' actions contribute to maintaining this market power. In particular, the financial system is characterised by:

- limited price competition: for many financial products, the price that consumers face persists significantly above the cost to banks of providing them
- product prices that are not readily and transparently available to consumers
- many products, but a lack of genuine product variety – for example, of the 22 pet insurance products on offer, 20 are underwritten by the same insurer
- low rates of switching, with around half of Australians reporting that they have never left their first bank.

In the wake of the global financial crisis, governments around the world have sought to increase the stability of their financial markets. Australian regulators have followed suit, pursuing an 'unquestionably strong' financial system – despite the fact that Australia's financial system and its prudential management at that time enabled it to weather the global financial crisis comparatively well.

In the draft report, the Commission expressed concern that the increased emphasis on stability on the part of regulators has resulted in competition falling by the wayside, to the detriment of the Australian community as a whole. While competition can enhance long-term system stability – for example, by preventing the potential hubris of a market characterised by a monopoly or duopoly – competition and stability can also work against each other – for example, high levels of competition can make lenders more willing to speculate in risky investments or lend to risky customers.



The Commission's draft report recommended greater consideration of consumer interests, the use of *actual* prices in home loan markets and the designation of a 'competition champion' – an entity that advocates for competition when regulatory interventions in the financial system are being contemplated.

Ongoing consultation

The Commission is currently preparing the Inquiry final report. Extensive consultation with stakeholders and industry participants has been undertaken. The Commission has received 136 submissions from a range of different bodies including providers, industry associations, regulators, consumer interest groups and individuals. In addition, the Commission has sought information and data directly from some lenders, brokers and general insurers.

The Commission conducted public roundtable hearings with regulators, regional banks and consumer groups at the commencement of the Inquiry, and public hearings following the draft report release. The final report will be delivered to the Australian Government by 1 July 2018.

Competition in the Australian Financial System

> Draft Report

> Released February 2018



Reforming human services

Increasing competition and informed user choice in the provision of human services can improve outcomes for users and for the community as a whole.

The Commission's final inquiry report on reforms to human services was released by the Australian Government in March 2018. In a previous study report for the inquiry¹, the Commission identified six services for which the introduction of greater user choice, competition and contestability would improve outcomes. These services are end-of-life care services, social housing, family and community services, services in remote Indigenous communities, patient choice over referred health services, and public dental services. The final inquiry report sets out tailored reforms for these six services.

The Commission considers users should have choice over the human services they access and who provides them, unless there are sound reasons otherwise. A stronger focus on users, better service planning and improved coordination across services and levels of government is needed. Governments should focus on the capabilities and attributes of service providers when designing service arrangements and selecting providers – not simply the form of an organisation. There is no one-size fits all competition solution.

¹ Productivity Commission 'Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform', Study Report, December 2016



.....
The Commission's recommendations aim to put the people who use human services at the heart of service provision. Change is needed to give people a stronger voice in shaping the services they receive, and who provides them.
.....

End-of-life care services

Each year, tens of thousands of people who are approaching the end of life are cared for and die in a place that does not fully reflect their choices or meet their needs. Reforms are needed to significantly expand community-based palliative care services and to improve the standard of end-of-life care in residential aged care facilities.

Public dental services

Public dental patients have little choice in who provides their care and most services are focused on urgent needs. Long-term reform is needed to introduce a consumer-directed care scheme. This would enhance patient choice, and promote a greater focus on preventive care.

Referred patient services

A combination of rules and common practices limit patients' choice of healthcare provider when they receive a referral or diagnostic request from a GP. These barriers should be removed. Patients differ in their needs and preferences, and providers differ in their locations, performance, waiting times and out-of-pocket charges. All patients should be given the opportunity to choose the provider that best meets their needs. Better public information is needed to support choice, and encourage self-improvement by providers.

Services in remote Indigenous communities

Current approaches to commissioning human services in remote Indigenous communities are not working. Governments should improve commissioning arrangements and should be more responsive to local needs. This would make services more effective and would lay the foundation for more place-based approaches in the future.

Family and community services

Governments fund family and community services – such as services for homelessness and family and domestic violence – to assist people at risk of hardship or harm. These services are not delivering the best possible outcomes for people who use them, their families or for the governments that fund them. Practical changes to system planning, provider selection, and contract management would sharpen focus on improving outcomes for service users.

Social housing

The social housing system is broken. A single system of financial assistance, which is portable across rental markets for private and social housing, should be established. This would provide people with more choice over the home they live in and improve equity. Tenancy support services should also be portable across private and social housing.

Reforming human services: caring for people at the end of life

Many people approaching the end of life cannot access the type of care that aligns with their needs and preferences. Service availability varies widely according to patients' diagnosis, age and location. Many patients undergo avoidable, or unwanted, hospital admissions, often associated with confusion, and a loss of dignity and control. Few people who would like to die at home are able to do so. The Commission found that a number of reforms could provide significant benefits for those requiring end-of-life care¹.

More community-based palliative care should be available

Many people approaching death have a medical condition that is amenable to palliative care, and have family and friends who are able to care for them at home. However, the demand for end-of-life care in the community (community-based palliative care) far outstrips availability, particularly for those with illnesses other than cancer. Better meeting this demand will require State and Territory Governments to substantially increase the availability of community-based palliative care, and to fund that increase. While offering service users a choice of provider should be the long-term goal of governments, the first priority should be better meeting demand.

Residential aged care should be better equipped to meet end-of-life care needs

All aspects of end-of-life care should be core business for residential aged care facilities. Under current arrangements, many people do not get the clinical care they need at the end of life. Intensive nursing and other end-of-life care services are only funded in the last week or days of life, and are not available to those with pre-existing high health care needs. Two main reforms are needed to address this. First, residents require greater access to services delivered

by clinically qualified staff. Second, consumers and their families need more information to help them select aged care facilities that deliver high quality end-of-life care.

Advanced care planning should be encouraged

Aligning care to people's preferences is critical to the effectiveness of end-of-life services. Preparing an advance care plan (ACP) means people can have a real choice in the care they receive, even if they can no longer communicate that choice. Despite efforts to promote advance care planning, less than 15 per cent of Australians have an ACP. Reforms are needed to provide more opportunity for people to develop a high quality advanced care plan.

Stewardship of end-of-life care services should be improved

State and Territory Governments are primarily responsible for end-of-life care in public hospitals and in people's homes. The Australian Government is primarily responsible for end-of-life care in residential aged care and general practice. Coordination between these services is often poor.

Collaborative reform is needed to improve the effectiveness of end-of-life care. The Australian, State and Territory Governments should, through the Council of Australian Governments (COAG) Health Council, ensure that there is cross jurisdiction co-operation to:

- plan, fund and deliver end of life care so that patients receive integrated services across different settings and jurisdictions
- set standards for end-of-life care in each of the settings in which it is provided
- monitor and evaluate end-of-life care services.

Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services

> Inquiry Report

> Released March 2018

¹ End-of-life care refers to the physical, spiritual and psychosocial services provided by health professionals and ancillary staff to people who are likely to die within the next 12 months.



Health services across Australia: How are they performing?

In January and February 2018, the Productivity Commission released the annual Report on Government Services (the RoGS). The RoGS reports on the equity, effectiveness and efficiency of government services in Australia.

Services reported in the RoGS account for about \$224 billion in recurrent government expenditure (approximately 71 per cent of recurrent government expenditure), or roughly 13 per cent of gross domestic product. Total Australian, State and Territory government recurrent expenditure on health services alone was estimated to be around \$96.7 billion, or roughly 43.2 per cent of total government expenditure covered in the RoGS.

To illustrate how the RoGS can be used to monitor the performance of government service delivery, this article provides a snapshot of information contained in the 2018 RoGS to assess the performance of Australian health services. Examples are provided of how indicators with comparable data across jurisdictions can be used to measure the *equity*, *effectiveness* and *efficiency* of health services, and the extent to which desired health service *outcomes* are achieved.

Overview of health services

Health services are concerned with promoting, restoring and maintaining a healthy society with the objective that Australians are born and remain healthy. Services cover illness prevention, health promotion, the detection and treatment of illness and injury, and the rehabilitation and palliative care of people who experience illness and injury. Health services in Australia are delivered by a variety of government and non-government providers.

The RoGS reports on various aspects of these services in the following chapters:

- Health sector overview (part E)
- Primary and community health services (chapter 10)
- Ambulance services (chapter 11)
- Public hospitals (chapter 12)
- Mental health management (chapter 13).

Are health services provided equitably?

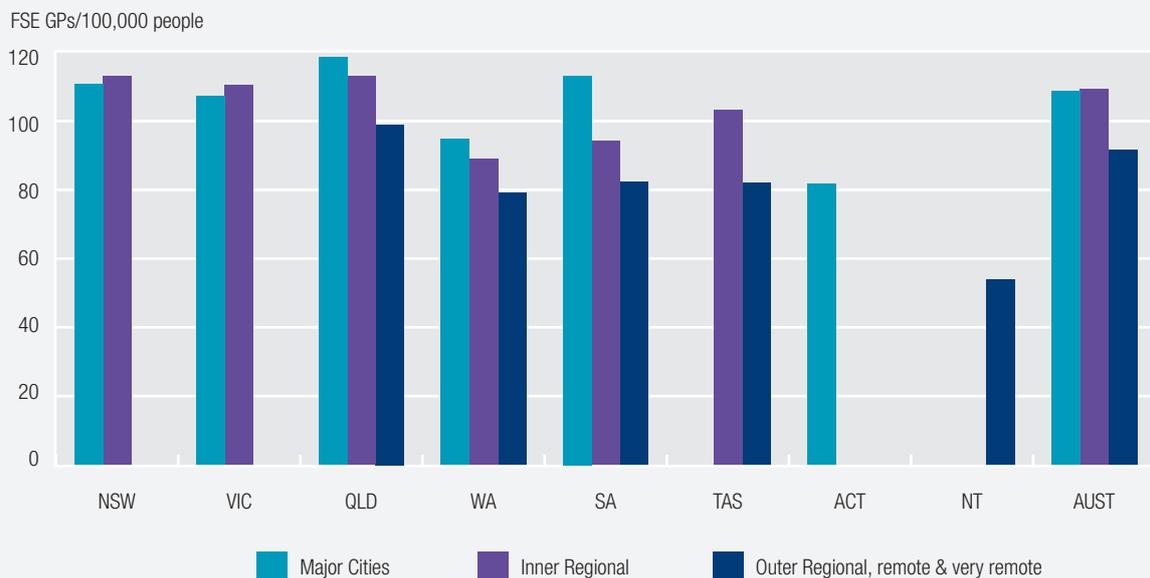
Equity indicators measure how well a service is meeting the needs of particular groups that have special needs or difficulties in accessing government services.

Equity of access to primary and community health care services across Australia has improved but varies between regions

The indicator 'Availability of primary healthcare services' assesses equity of access by geography. The measure 'General practitioners by region' reports that in 2016-17, there were more GPs per 100,000 people available in major cities and inner regional areas than in outer regional, remote and very remote areas in most jurisdictions.

Nationally, there were 108.8 GPs per 100,000 people in major cities, compared to 91.6 GPs per 100,000 people in outer-regional, remote and very remote locations (figure 1). Although this pattern is consistent with data reported for prior years, the number of GPs per 100,000 people in the overall

Figure 1: GPs by region, 2016-17^{a, b}



^a Geographical classifications are based on the Australian Statistical Geography Standard (ASGS) 2011, which is the Australian Bureau of Statistics' geographical framework for publishing statistics that are comparable and spatially integrated. The ASGS classifies Australia into large regions that share common characteristics of remoteness. It is based on calculated road distances to the nearest service centres in five categories of population size. Due to the remoteness characteristics and population size requirements of the ASGS, there are no major cities in Tasmania; no outer regional or remote areas in the ACT; no major cities or inner regional areas in the NT. Major cities and inner regional areas are combined for the ACT.

^b FSE = Full Service Equivalent.

Source: RoGS 2018, table 10A.19.

population has increased over the past five years (in total and across all geographic locations) from 85.4 GPs per 100,000 Australians in 2012-13 to 107.0 in 2016-17.

Equity of access for Aboriginal and Torres Strait Islander Australians has improved

The indicator ‘Early detection and early treatment for Aboriginal and Torres Strait Islander Australians’ assesses the proportion of older people who received a health assessment under Medicare. Health assessments are Medicare Benefit Schedule (MBS) items that allow comprehensive examinations of patient health, including physical, psychological and social functioning.

Nationally in 2016-17, the proportion of older people receiving a health assessment was 37.3 per cent for Aboriginal and Torres Strait Islander people and 32.7 per cent for other Australians (figure 2). Nationally, over the five years to 2016-17, the proportion of older Aboriginal and Torres Strait Islander people who received an annual health assessment increased by 11.5 percentage points to 37.3 per cent,

Table 1:
Equity indicators for health services

Availability of primary healthcare services
Early detection and early treatment for Aboriginal and Torres Strait Islander Australians
Response times by geographic location
Mental health service use by selected community groups

compared to an increase of 3.9 percentage points to 33.0 per cent for all older Australians (2018 RoGS, table 10A.25). These data suggest equity of access to these services for Aboriginal and Torres Strait Islanders has improved over time.

Table 1 lists all health service equity indicators reported in the 2018 RoGS.

Figure 2: Older people who received a health assessment by Indigenous status, 2016-17



Source: 2018 RoGS, table 10A.25.

Are services effective?

Effectiveness indicators measure how well government services meet their objectives: is a service achieving what it is meant to achieve?

Effectiveness in early detection and intervention for mental illness has improved

The indicator 'Primary mental health care for children and young people' assesses the proportion of people aged under 25 years who received a mental health care service subsidised through the MBS from a GP, psychologist or an allied health professional. High or increasing proportions of young people who had contact with MBS subsidised primary mental health care services is desirable as it is an objective of Australian governments to facilitate early detection of mental health issues and provide intervention.

The proportion of all children and young people who receive MBS subsidised primary mental health care services has increased gradually over time (2018 RoGS, table 13A.18). The proportion increases as age increases; with the highest proportion for young people aged 18-24 years (12.2 per cent of this population receiving these primary mental health care



services nationally in 2016-17) (figure 3) (2018 RoGS, table 13A.19). Data by gender, Aboriginal and Torres Strait Islander status, socio-economic status, and service type are available in the 2018 RoGS in tables 13A.19-20.

Effectiveness in ensuring the sustainability of the health workforce is mixed

The health system relies on its workforce to provide high quality and timely services to patients now and in the future.

Ambulance workforce

The indicator 'Operational workforce attrition' provides information on the sustainability of the ambulance workforce, showing the proportion of salaried staff who exit the workforce in a year. Nationally in 2016-17, the attrition rate was 2.6 per cent, a decrease from 4.3 per cent in 2012-13 (figure 4).

Figure 3: Children and young people who received MBS subsidised primary mental health care, by age group, 2016- 17

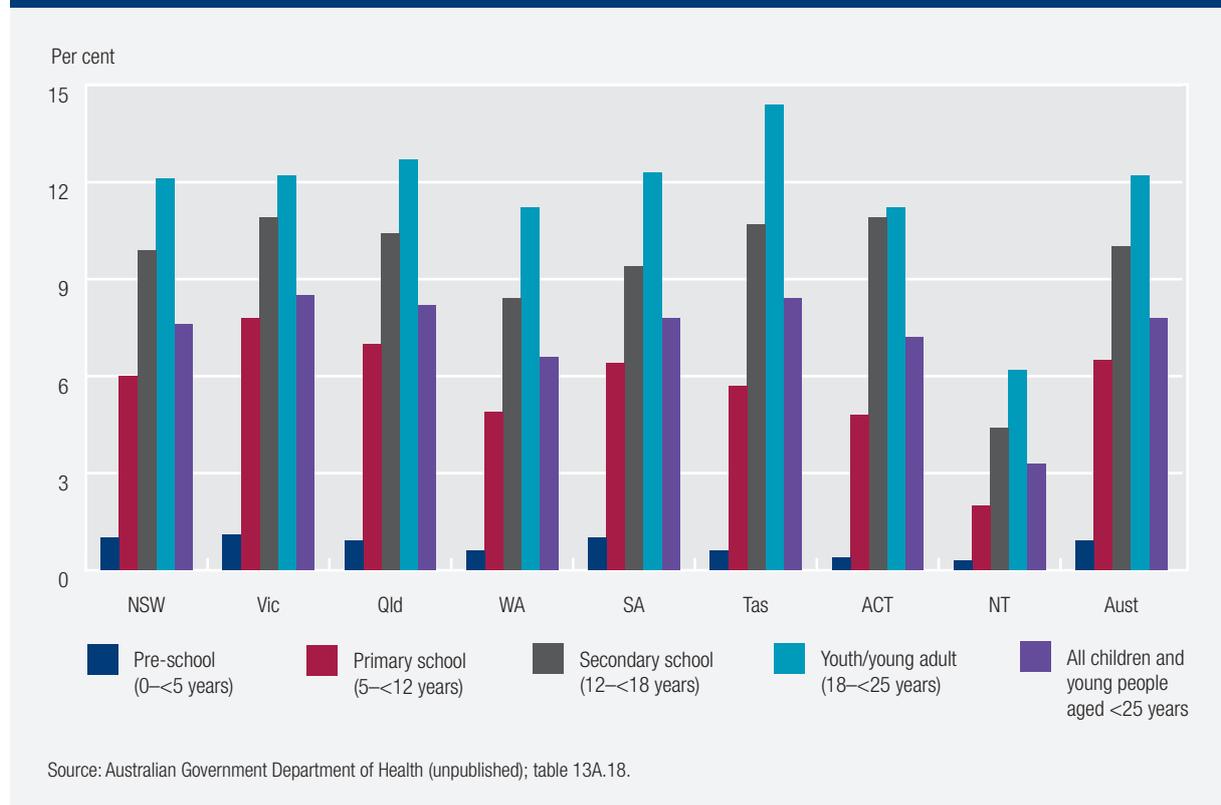
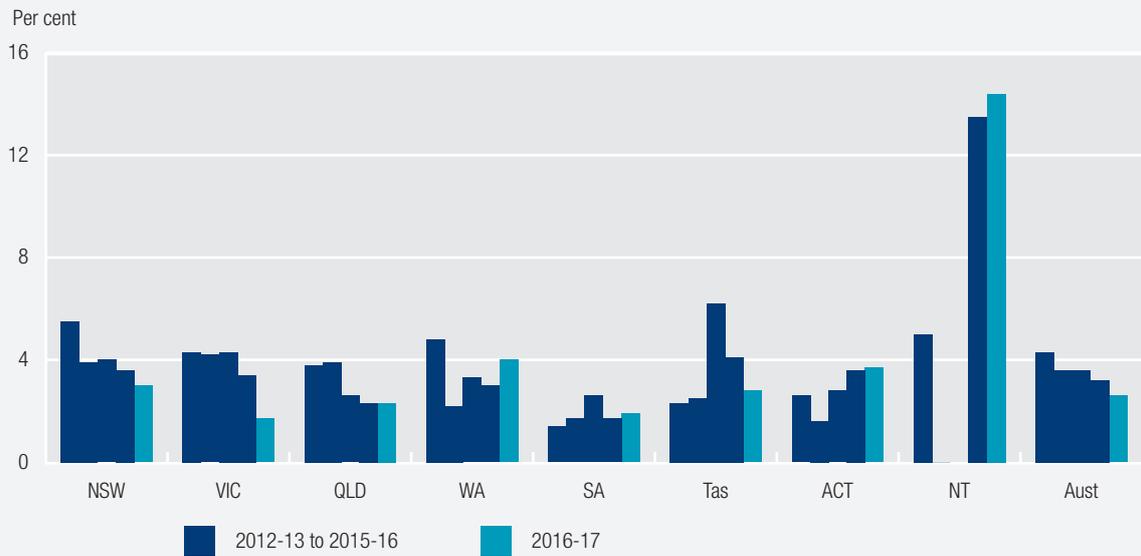


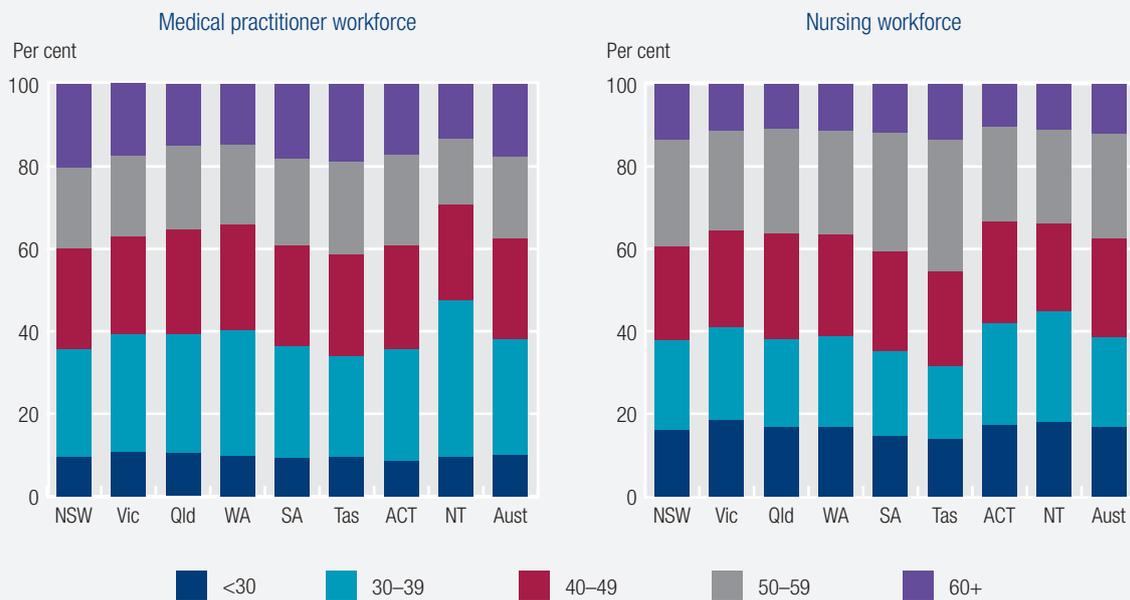
Figure 4: Attrition across the ambulance services operational workforce^a



^a Attrition data were not available for the NT for 2014-15, and were nil or rounded to zero for 2013-14.

Source: RoGS 2018, table 11A.7.

Figure 5: Medical practitioner and nursing workforces, by age group, 2016



Source: 2018 RoGS; tables 12A.53 and 12A.55.

Public hospital workforce

The sustainability of the public hospital workforce is assessed by measuring the age profiles of the medical practitioner and nursing workforces. The indicator 'Workforce sustainability' shows the proportions

of medical practitioners and nurses in ten year age brackets, by jurisdiction and by region.

Nationally in 2016, 17.6 per cent of the medical practitioner workforce and 12.0 per cent of the nursing workforce were aged 60 years and over (figure 5),

Table 2: Effectiveness indicators for health services

Affordability of primary healthcare services	Waiting times for admitted patient services
Timeliness of primary healthcare services	Adverse events in public hospitals
Potentially avoidable presentations to emergency departments	Sentinel events
Chronic disease management	Selected unplanned hospital readmission rates
Immunisation coverage	Workforce sustainability
Cancer screening	Primary mental healthcare for children and young people
General practices with accreditation	Consumer and carer involvement in decision making
Patient satisfaction	Services reviewed against the National Standards
Pain management	Rate of seclusion – acute inpatient units
Ambulance workforce	Community follow-up after psychiatric admission/hospitalisation
Emergency department waiting times	Readmission to hospital within 28 days of discharge

reflecting a gradual increase from 2009 for medical practitioners (table 12A.54) and from 2007 for nurses (table 12A.52) (approximately 20.7 per cent of the total Australian population was aged 60 years and over in 2016; 2018 ROGS, table 2A.2). State and territory data are available in tables 12A.55 (medical practitioner) and 12A.53 (nursing). These data are not a substitute for a full workforce analysis that allows for migration, trends in full-time work and expected demand increases. They can, however, indicate that further attention should be given to workforce sustainability for public hospitals.

Table 2 lists all health service effectiveness indicators reported in the 2018 RoGS.

Are services efficient?

Efficiency indicators measure how much governments spend to provide services, for example, how much is spent per patient.

Expenditure on general practice per person has increased

The indicator ‘*Cost to government of general practice per person*’ measures what is spent by governments to provide general practice health care per person. Nationally in 2016-17, total expenditure per person on general practice was \$371, an increase in real terms from \$316 per person in 2012-13 (figure 6).

Public hospital patient costs vary

The indicator ‘*Recurrent cost per weighted separation*’ measures the average cost of providing care for an admitted patient (overnight stay or same day) adjusted for casemix. Casemix adjustment takes account of variation in the relative complexity of the patient’s clinical condition and of the hospital services provided. Nationally in 2015-16, the recurrent cost per weighted separation was \$5199 (figure 7).

Table 3 lists all health services efficiency indicators reported in the 2018 RoGS.

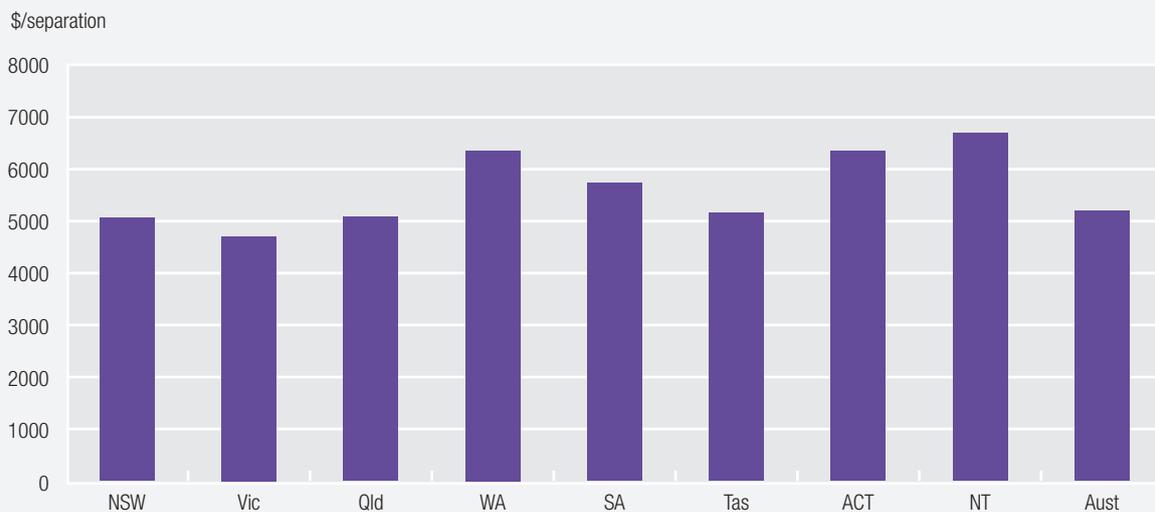


Figure 6: Australian Government fee-for-service expenditure per person on GPs (2016-17 dollars)



Source: RoGS 2018, table 10A.2.

Figure 7: Recurrent cost per weighted separation, 2015-16



Source: 2018 RoGS; table 12A.56.

Table 3: Efficiency indicators for health services

Cost to government of general practice per person	Recurrent cost per non-admitted patient
Ambulance services expenditure per person	Cost of care
Cost per admitted patient separation	

What outcomes are achieved?

Outcome indicators provide information on the overall impact of a service on individuals and the community.

Notifications of selected childhood diseases have fluctuated

The indicator 'Notifications of selected childhood diseases' assesses the number of notifications of measles, pertussis (whooping cough) and invasive Haemophilus influenzae type b reported to the National Notifiable Diseases Surveillance System by State and Territory health authorities for children aged 0–14 years, per 100,000 children in that age group. A low or reducing notification rate for the selected diseases indicates positive immunisation program outcomes.

Nationally in 2016-17, the rate of notifications for children aged 0–14 years was:

- 0.1 per 100,000 for *Haemophilus influenzae* type b (table 10A.60 and figure 8)
- 0.7 per 100,000 for measles (table 10A.58 and figure 8)
- 181.1 per 100,000 for pertussis (whooping cough) (table 10A.59 and figure 8).



Historical data for each of the above notifiable childhood diseases are included in the 2018 RoGS in tables 10A.58–60, by state and territory. Figure 8 presents national notification rates per 100 000 children for pertussis (whooping cough), measles and haemophilus influenzae type b for the past five years.

Figure 8: National notifications of pertussis, measles and haemophilus influenzae type b, per 100,000 children aged 0–14 years

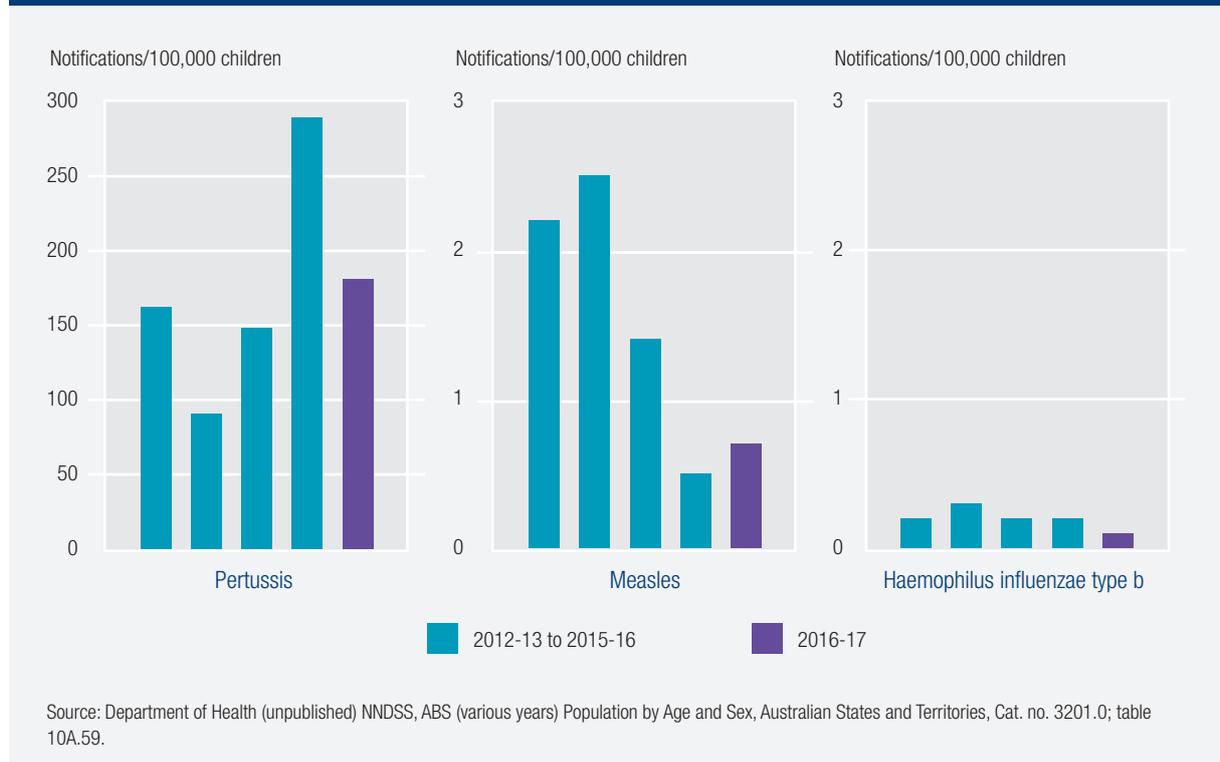
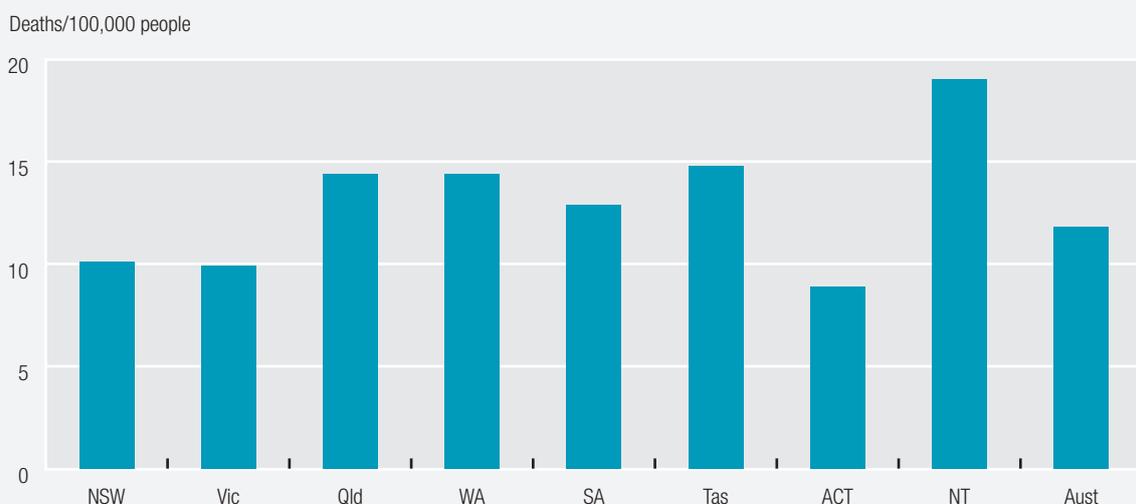


Figure 9: Suicide rates, 5 year average, 2012–2016



Source: RoGS 2018, table 13A.48.

Deaths by suicide have increased

The indicator ‘Mortality due to suicide’ measures the number of deaths across Australia due to suicide. For the period 2012–2016, 13,974 deaths by suicide were recorded in Australia – equivalent to 11.8 deaths per 100 000 people each year (figure 9). The national suicide rate has increased over the past 10 years (for example, in 2007, 10.6 deaths per 100,000 people in the population were attributable to suicide).

For the period 2007–2016, national male suicide rates were over three times the rate for females (in 2016, 17.8 per 100,000 males compared with 5.8 per 100,000 females) (ABS 2017). Suicide rates disaggregated by significant urban areas, Indigenous status and for 15–24 year olds are included in the 2018 RoGS in tables 13A.49–51.

Table 4 lists all health service outcome indicators reported in the 2018 RoGS.

To find out more...

Further information on the health service examples provided in this article, and many other measures of the equity, effectiveness and efficiency of government services across a broad range of social services, can be found on the RoGS website: <https://www.pc.gov.au/research/ongoing/report-on-government-services/2018>.

Table 4:
Outcome indicators for health services

Notifications of selected childhood diseases
Selected potentially preventable hospitalisations
Cardiac arrest survived event
Prevalence of mental illness
Mortality due to suicide
Physical health outcomes of people with mental illness
Social and economic inclusion of people with mental illness
Mental health outcomes of consumers of specialised public mental health services

Report on Government Services 2018

- > Steering Committee for the Review of Government Services Provision
- > Released 23 January-1 February 2018

Commission news

Lifting Australia's productivity performance

The Productivity Commission's first five-yearly review of Australia's productivity performance, titled 'Shifting the Dial: 5 Year Productivity Review', contains wide-ranging recommendations for reforms aimed at boosting Australia's long-term productivity growth and overall economic performance. Recommendations include proposed reforms to the health system, education and skills formation, the functioning of towns and cities, the efficiency of markets, and the effectiveness of government. The Review is available on the Commission's website www.pc.gov.au.

Short summaries of recommendations for the three highest-priority reform areas can also be downloaded from the website.

Healthier Australians: While on many measures, the Australian health system is very good compared with health care systems in many other countries, this is not true across the board. There is significant potential for improvement.

Better functioning towns and cities: The overwhelming majority of Australians live and work in cities. About 80 per cent of Australia's GDP is produced in cities, and 40 per cent in our two largest: Sydney and Melbourne. How cities operate now and in the future is integral to both the quality of people's lives and national prosperity.

Skin in the game – education and workforce: The skills needed for well-paid jobs change over time. We rely on the education system to provide the skills and capabilities that will be required by future generations. Does Australia's education and training system have the capacity to deliver? The Commission makes a number of recommendations to ensure that it does.

Recent commissioned reports

The Productivity Commission has released the following reports commissioned by the Australian Government.

Superannuation: assessing competitiveness and efficiency – Draft report

The Commission's draft report on the superannuation system was released on 29 May. There will be an article on the draft report in the next issue of PC News.

Transitioning regional economies – Study report

This report examines the geographic impacts of the transition of the Australian economy following the resources investment boom, and was released in December 2017.

National water reform – Inquiry report

An assessment of progress and outcomes of the implementation of the National Water Initiative (NWI) and the scope for further reform. The report was released in May 2018.

New inquiries

The Australian Government has asked the Commission to undertake the following three new public inquiries.

National Disability Agreement review

The focus of this study is the National Disability Agreement on the provision of disability services (the agreement was established in 2009 and revised in 2012). The Commission will review the Agreement, including by examining progress against the performance framework in the Agreement, and the extent to which it has supported improved outcomes for people with disability, their families, and carers. This is the first of the Commission's reviews of nationally significant sector-wide agreements between the Commonwealth and the States and Territories. A final report will be sent to Government by 25 January 2019.

Compensation and rehabilitation for veterans

This inquiry will assess how well the system of compensation and rehabilitation for military veterans (serving and ex-serving Australian Defence Force members) is meeting its aims, and whether the system is likely to effectively and efficiently support veterans in the future. Initial submissions are due by 2 July 2018, and a draft report is planned for release in December 2018. The final report will be presented to government in June 2019.

Murray-Darling Basin Plan: five-year assessment

The Murray-Darling Basin Plan supports the integrated management of water resources in the Murray-Darling Basin to optimise social, economic and environmental outcomes. Under the Water Act (2007), the Commission is required to undertake five-yearly assessments of the effectiveness of the implementation of the Basin Plan and water resource plans. This inquiry is the first such assessment. A draft report is planned for release in August 2018, and the final report will be handed to government in December 2018.

Further information about the Commission's current inquiry program is available on the Commission's website www.pc.gov.au

Current commissioned projects

13 June 2018

Competition in the Australian Financial System – *Public Inquiry*

Consultation paper: July 2017
Draft report: February 2018
Final report to Government: July 2018

Contact: Rosalyn Bell 02 6240 3308
Email: financial.system@pc.gov.au
pc.gov.au/inquiries/current/financial-system#draft

Superannuation – *Commissioned Study and Public Inquiry*

Stage 1: Study – Superannuation Competitiveness and Efficiency

Issues paper: March 2016
Draft report: August 2016
Study report released: November 2016

Contact: Jane Melanie 02 6240 3380
Email: super@pc.gov.au
www.pc.gov.au/inquiries/current/superannuation

Stage 2: Public Inquiry – Alternative Default Fund Models

Issues paper: September 2016
Draft report: March 2017
A final inquiry report from stage 2 will not be issued separately. The inquiry will be incorporated into and finalised as part of stage 3.

Stage 3: Public Inquiry – Assessing Competitiveness and Efficiency

Issues paper: July 2017
Draft report: 29 May 2018
Final report: TBA

National Disability Agreement Review

Issues paper: June 2018
Final report to Government: January 2019

Contact: Yvette Goss 03 9653 2253
Email: disability.agreement@pc.gov.au
pc.gov.au/inquiries/current/disability-agreement

Compensation and Rehabilitation for Veterans – *Public Inquiry*

Issues paper: May 2018
Draft report: December 2018
Final report to Government: June 2019

Contact: Pragya Giri
Email: veterans@pc.gov.au
pc.gov.au/inquiries/current/veterans#issues

Murray-Darling Basin Plan: Five-year Assessment – *Public Inquiry*

Issues paper: March 2018
Draft report: August 2018
Final report to Government: December 2018

Contact: Tracey Horsfall 02 6240 3261
Email: basin.plan@pc.gov.au
pc.gov.au/inquiries/current/basin-plan#draft

Log on to the Commission's website www.pc.gov.au for full details of all current projects.