



# Australian Health Care Reform Alliance

Select Committee on COVID-19

## **Terms of Reference**

On 8 April 2020 the Senate established the Select Committee on COVID-19 and referred the following matters to it for inquiry and report on or before 30 June 2022: the Australian Government's response to the COVID-19 pandemic; and any related matters.

The Australian Health Care Reform Alliance (AHCRA) is a coalition of individuals and organisations working to improve health care in Australia. While some areas of the current health system perform well, overall it does not deliver optimum care in an equitable and efficient way. AHCRA believes that our health system needs fundamental reform in order to meet our future health care needs.

Thank you for the opportunity to comment on this crucial and ongoing issue. The following is about the response to date and the response as the pandemic evolves and we adjust to the new normal.

## **The Economy**

The pandemic has brought to the fore a realisation firstly that a healthy community helps the economy and secondly that having many Australians with an inadequate income severely compromises the economy. This inter-relationship between an adequate income, health, and the economy must be remembered as we progress our response to the pandemic.

## **Health**

Those in the health field talk about the two major determinants of a healthy community. Firstly, timely affordable access to quality health care is required. Secondly, we talk about the social determinants of health (SDOH), the conditions in which people are born, grow, live, work and age. Inadequate income, domestic violence, homelessness, and discrimination are just some of these important determinants.

## **The Australian Governments' Response**

The Australian Government's response to date has resulted in avoidance of the disastrous explosion of cases, which might have overwhelmed our health system. It is to be commended for putting together a team of medical advisors and listening to their advice. That advice has had a strong scientific evidence base despite it requiring assumptions because of the novelty of the virus.

### **Benefits and Costs**

This response has come at a huge economic cost much of which is unavoidable. Significantly, the Government recognised that the Newstart Allowance at 40% below the poverty line, was not sufficient to contribute to preventing a far greater economic challenge than we now have. In the Australian population, 13% currently live in poverty, 17.4% of kids are being raised in poverty, and 40% of children in lone parent families live in [poverty](#) (ACOSS 2016) and adding millions more to this total would be unconscionable

Now most of those fellow Australians receive the Job Seeker payment. It is now a little above the poverty line. No one is saving money on this allowance. Little is wasted. It is being spent and is helping to maintain the economy. Those who have recently lost their jobs will be spending every cent as they try to manage their pre-existing financial commitments.

### **Future Income Benefits Cuts**

From a health perspective, this massive increase in income for our most disadvantaged is overwhelmingly positive. Poverty in rich countries like Australia is very strongly associated with health and social problems ([Wilkinson and Pickett](#)). If Job Seeker is reduced to a Newstart level, there will be a return to poverty for the recipients, which will help no one. Whilst in theory the savings might mean we repay the national debt faster than otherwise, recipients will be less healthy, less able to seek work, will spend less, and will place increased demands on health and social services. There is likely to be a net economic loss. There will certainly be a decline in health outcomes.

### **Alternatives for a More Secure Future: Income Support**

The provision of the Job Seeker payment has not surprisingly, been troubled with long queues at Centrelink, inadequate phone response capacity, and major problems for those who have difficulty managing complicated paperwork for whatever reason. With respect to the Job Keeper payment, allegations have been made of fraud and opportunistic manipulation of this allowance by employers.

How much easier would it have been if we had had a basic income guarantee (BIG)? BIG is supported across the political spectrum including the conservative capitalist Nobel Prize winning economist Milton Friedman, the [Productivity Commission](#) ([Page 69](#)), and Brian [Howe](#), retired Hawke Government Deputy Prime Minister. No Centrelink queues (with or without physical distancing). No hours on the phone trying to contact Centrelink. No days or weeks waiting for the phone call from Centrelink. No demeaning experience of trying to interact with an organisation with such a focus on stopping rorting that humanity is lost. Even with BIG, huge changes

would still have been required. It would however, have been much simpler, more direct, faster and less traumatic for all involved.

### **Alternatives for a More Secure Future: An Integrated Health System**

When the trajectory of the pandemic in Australia was upwards there was a major concern regarding the capacity of our health services to cope, both in the community and in hospitals. Some publicly subsidised private hospitals continued to use vital PPEs for elective surgery whilst others were threatening to close for financial reasons despite the real possibility their beds, staff, and equipment might be needed if infection numbers rocketed. Instead, they won a [\\$1.3 billion](#) pay-cheque from taxpayers before it was clear they would even be needed.

Imagine if instead of using public taxpayer funds to increase the capacity of private hospitals over the last 20 years, we had instead put that money into public hospitals. Sixty percent of elective surgery is now done privately. If most of that was being done in an enlarged public system, we would have a huge increase in bed and ICU capacity easily accessible without any need to pay more money to the private hospital industry.

Imagine if instead of allowing public mental health funding to remain at staggeringly low levels compared to the documented needs, we had used taxpayer funds to develop an integrated community and hospital system of care. The tsunami of increased mental health issues developing as this crisis evolves would at least have been manageable. Despite the commitment of extra funds now to address this crisis, those funds are being spent in a system, which is not a system but a maze of poorly co-ordinated service providers.

Now is the time to consider an independent single funding body for health care tasked with funding and integrating prevention, emergency services, primary health care including dental care, and hospital services using health professionals working in expanded more relevant practices.

Such single national funding body must have a remit to fund services which can be demonstrated are effective and which are integrated with other services.

Implementing this reform is a long-term project. It could start with controlling all new funding and gathering the data required to establish services based on need across the country and across the health service spectrum. Health service education would be tailored to support this implementation by coordinating education between professions.

### **Alternatives for a More Secure Future: Essential Medical Supplies and Data**

During this crisis, we have been confronted by major challenges relating to supplies of medicines, vaccines, diagnostic testing reagents along with equipment and personal protective equipment. There may be challenges with respect to the equitable distribution of COVID-19 vaccines as they are developed. These problems largely relate to patent laws, which are structured to favour the owners of patents even at the cost of preventable patient suffering and death. The Australian Government has the

power to over-ride patents in the interests of public health, it should! ([Gleeson and Legge](#))

In addition, the [European Union](#) has put forward a draft resolution for the World Health Assembly for a global pool for rights on data and knowledge that can be of use for the prevention, detection and treatment of COVID-19. The Australian Government should support this measure.

### **Listening to the Science: Climate Change**

It is reassuring that politicians have sought out and accepted scientific advice on how to address the current health crisis. A key lesson to be taken from this response is the importance of evidence and science and the need for greater acceptance of the science of climate change which has the capacity to wreak even more havoc to both our health and our economy over time than this pandemic.

### **COVID-19: An Opportunity for a Better Future**

Hopefully, we will not be going back to a world where welfare recipients are demonised, job seekers are punished, and vulnerable people with a poor education, a mental illness, a drug addiction, or any number of other life challenging conditions/situations are regarded as lazy useless sub-humans.

It is time to move to a progressive, kinder, caring society which sees every person as valuable, which maximises everyone's very variable capacity to contribute to society, and which enables and empowers rather than hinders the integration of our most vulnerable brothers and sisters into our society.

Jobs need to be secure, not just any job. Income needs to be adequate, not held low in an unsubstantiated belief that deprivation somehow gets people working again in a productive way. Income and wealth disparities need to be reduced. We need to recognise the stark correlation between health and social problems and income.

As we manage our way through this crisis, it is time to think about an integrated, comprehensive, equitable health system. It would be good for the economy. Further, it is time to look at restructuring our society to recognise and address those factors outside the immediate health system which affect health, and therefore affect our economy and our individual well-being.