

# MEDIA RELEASE



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## Hospital and health reform shows promise, but doctor shortage must be fixed to deliver real benefits

The Rural Doctors Association of Australia (RDAA) has welcomed the hospital funding reform package announced by Prime Minister Kevin Rudd today, saying it shows some promise in ensuring better funding systems for hospitals.

It has warned, however, that any real benefits from the reforms will not be delivered in the bush until the Federal Government introduces major measures to combat the critical shortage of rural doctors and other health professionals.

“While it is good to see a move towards the direct funding of hospitals by the Federal Government—a reform that should help remove the federal-state inefficiencies that have dogged hospital funding in this country for many decades—unless the rural health workforce shortage is addressed we will simply end up with ‘Yes Minister’ hospitals that are well funded but don’t have any doctors or nurses” RDAA President, Dr Nola Maxfield, said.

“Without adequate numbers of doctors and other clinical staff on-the-ground in rural areas, rural hospital services simply cannot be delivered to the extent required—no matter what funding system is established. In short, we need clinicians on seats...and lots of them...if we are to see the full delivery of benefits from these reforms.”

While emphasising that the fine detail of the Government’s blueprint would still need to be assessed fully by RDAA, Dr Maxfield strongly welcomed:

- the Government’s decision to bring state and territory hospitals under a **National Health and Hospitals Network** and one set of **national standards for hospital services in Australia**. She said: “RDAA has been calling for minimum standards of access to local hospital care and local healthcare for some years through its proposed National Rural Health Obligation, so we give the establishment of national hospital standards a big tick. This could also be a very positive avenue for restoring to rural hospitals much-needed local health services such as obstetrics, general surgery and emergency care.”
- the Government’s decision to introduce **Local Hospital Networks** to enable more decision-making at a local level about the types of services that hospitals provide to their patients. Dr Maxfield said: “RDAA particularly welcomes the Government’s announcement that local clinicians together with community representatives will drive decision-making around local hospital service delivery through the Local Hospital Networks. This will ensure that decisions around the delivery of local hospital services are made by those who know intimately the types of hospital services that their communities need. We give this initiative another big tick.”

Dr Maxfield warned that significant ‘rural proofing’ would need to accompany the introduction of an **activity-based funding system** for hospitals, but welcomed assurances made by the Prime Minister at the National Press Club that this ‘rural proofing’ would be undertaken.

“The move to an activity-based funding system could be a significant risk for rural hospitals which, because of the size and isolated location of the populations they service—and the often chronic and complex nature of the cases they are treating—simply cannot operate with the same efficiencies of scale as the major metropolitan hospitals. Nevertheless, they must still provide those services given the next available hospital could be many hours away” Dr Maxfield said.

“Given the severe financial impact that the blanket introduction of activity-based funding could have on rural hospitals, it is critical that the Federal Government works closely with organisations like RDAA to ‘rural proof’ the new system to ensure that already financially-stretched rural hospitals do not take even more of a battering once

that system is introduced. We welcome the Prime Minister's assurances in this regard and will monitor the further development of an activity-based funding system to ensure rural hospitals are not adversely affected."

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