

Health care reform: looking back to go ahead

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The recently elected Labor Government has expressed its commitment to reforming the Australian health care system. It might thus be instructive to reflect on the health reforms implemented by the Whitlam Government in the 1970s. These reforms were put into effect through the establishment of the Hospitals and Health Services Commission and also the Health Insurance Commission (which was responsible for the introduction of Medibank and later, in 1984, Medicare). Some 30-odd years later, the newly elected Labor Government has established a National Health and Hospitals Reform Commission to advise the federal government on reform and change.

Leading up to the national elections in 1972, health was a prominent policy issue. Problems with access to care and the increasing costs of health care had resulted in the coalition government appointing the Royal Commission chaired by Mr Justice Nimmo. In addition, the opposition-controlled Senate had established its own committee of inquiry in response to the narrowly defined terms of reference given to the Nimmo Royal Commission.

Although the officially endorsed Labor Party policy in the 1972 election campaign only referred to the establishment of a Commission to promote the modernisation and regionalisation of hospitals, Prime Minister Whitlam expanded on this by adding the additional responsibilities of community-based health services and preventive health programs, in close cooperation with the states.

Sidney Sax, formerly the Director of Research and Planning for the New South Wales Health Department, was appointed chairman of an interim committee that held its first meeting on 5 April, 1973. The *Hospitals and Health Services Commission Act 1973* (Cwlth) was passed in December of 1973, and the Regulations were gazetted on 21 February, 1974. The Governor-General appointed three full-time members and six part-time members of the Hospitals and Health Services Commission in April, 1974.

The Commission had broad-ranging functions and powers, which included making recommendations on the provision of health services by the then Commonwealth Department of Health, ascertaining health care needs, making grants and promoting and participating in the planning of health services. From the outset, the Commission was guided by the primary health care model as a key element in a system of comprehensive health care. The continuing care of people, and links to and from other elements in the health system, were given very high priority in the development of policies and programs. At the same time, personal health care was considered to remain a personal responsibility to a considerable extent.

Accurate and reliable data were fundamental to the Commission being effective in meeting its responsibilities. It was decided that the most efficient way to proceed would be to have the Commission collaborate with existing planning and research entities in government departments and universities, rather than establishing new groups within the Commission for this purpose. In this, and in other areas of its work, the Commission enjoyed very strong support from the Commonwealth Department of Health, other government departments, statutory authorities and professional organisations. The Commission understood that there would be numerous areas of health policy that would be

ABSTRACT

- Health was a prominent policy issue in the 1972 Australian federal government elections, and the policy of the new Labor Government at that time emphasised the regional approach to health service delivery, including community-based services and preventive health programs, in close cooperation with the states.
- The *Hospitals and Health Services Commission Act 1973* (Cwlth) was passed in December 1973 and members of the new Commission were appointed in April 1974.
- The Commission had broad-ranging functions and powers that had major influences on national health policy development in Australia.
- Major accomplishments of the Commission included the Community Health Program, which incorporated: the Hospitals Development Program, health services planning and research, a review of the School of Public Health and Tropical Medicine at the University of Sydney, diagnostic services, rehabilitation, Aboriginal health, rural health, health transport, nursing personnel, health careers and occupational health, many of which were long-neglected areas of public health.
- The National Health and Hospitals Reform Commission established by the Rudd Labor Government in February, 2008, while welcome, is an investigative body, whereas the Hospitals and Health Services Commission was responsible for both health policy development and implementation.

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contentious. Under Sidney Sax's wise and patient leadership, the Commission took the approach that these difficulties could be overcome by goodwill, mutual respect and experience. This approach was especially sensible as the Act required that consultations take place between the federal and state Ministers before grants could be finalised.

Sidney Sax described the Commission's processes as "a judicious blend of study and action".¹ The Commission established working parties, standing committees and advisory committees to review issues, develop policies and recommend courses of action. A key to the Commission's success was the fact that it produced discussion papers and final reports on major health policy topics, such as community health and hospitals, before programs were recommended to the Minister for Health for adoption by the government and appropriations made by the Parliament.

The Hospitals and Health Services Commission was very active and introduced numerous major initiatives over a short time. These included the Community Health Program, which incorporated: the Family Medicine Program, the Hospitals Development Program, health services planning and research, a review of the School of Public Health and Tropical Medicine at the University of

1 Enduring accomplishments of the Hospitals and Health Services Commission

- The Commission gave credence to health planning as a fundamental component of health policy development at all levels of government.
- The Commission's reports and programs ensured that attention remained focused on previously neglected areas of health care in Australia. These included general practice, community health programs, hospital development and public health, with special emphasis on Aboriginal health and health services research and evaluation. ◆

2 Facilitators and inhibitors of the Hospitals and Health Services Commission

Facilitators

- The Commission had the advantage of being the first federal body appointed with the responsibility for national health policy development.
- The Commission's work was based on careful analysis of data and wide-ranging consultation with governments, public and private organisations, and individuals.
- The Commission influenced major changes in the delivery of health services, education of health workers and research.
- Successful outcomes were achieved as a result of patience, compromise and goodwill.

Inhibitors

- The federal system itself, which involved multiple layers of decision making.
- The federal and state governments were led by different political parties. ◆

competing financial arrangements and networks of functional responsibilities among the numerous public and private organisations. These problems were often resolved through patience, compromise and goodwill on the part of all the actors in this complex performance. Another difficulty was the fact that the Labor Party did not have a majority in the Senate and most of the state legislatures (Box 2).

The Hospitals and Health Services Commission was ultimately disbanded by the coalition government, which came into office after the dismissal of the Whitlam Government in November, 1975.

It is very significant that the recently elected Rudd Labor Government has announced the establishment of the National Health and Hospitals Reform Commission. This new Commission has been charged with producing an interim report by the end of 2008, and then a final report by the middle of 2009, with the aim of improving many aspects of the Australian health care system, especially with regard to financial arrangements. However, this new Commission differs fundamentally from the earlier Hospitals and Health Services Commission in that it is an investigative body, whereas the earlier Commission had responsibility for both developing and implementing health policy.

It is to be hoped that the approaches and experience of three decades ago will provide some helpful lessons. It would be a tragedy to ignore the past as we plan for the present and the future.

Competing interests

None identified.

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Sydney, diagnostic services, rehabilitation, Aboriginal health, rural health, health transport, nursing personnel, health careers, and occupational health.

A strongly positive outcome of the establishment of the Commission was that, for the first time, Australia saw a comprehensive approach to national health policy development, based on analysis of data and consultations with all levels of government, professional organisations, universities, non-governmental organisations and individuals. The work of the Commission brought about major changes in the delivery of health services, education of health workers and research. It highlighted long-neglected areas of health policy (Box 1). It emphasised the planning and evaluation of health services and was able to achieve considerable cooperation between federal and state levels of government.

The existence of two commissions, the Hospitals and Health Services Commission with a broad mandate for health policy and programs, and the Health Insurance Commission focused on health insurance, was perhaps both positive and negative at the same time. On the positive side, it deflected much of the controversy over health care financing away from the development of community-based health services. On the negative side, it increased the potential for conflicting policy objectives and the creation of gaps and inefficiencies in policies and programs.

The Hospitals and Health Services Commission was sometimes frustrated in its work by the very nature of the Australian federal system, which slowed the process of change as a result of