

SOUTH AUSTRALIAN ADDED COMMENTS ON COMMUNITY AND OTHER HEALTH SERVICES

Further to the submissions provided in September and November 2007 on the health assessments and on socioeconomic status and health, South Australia provides the following additional comments on the Community and Other Health Services assessment for the 2010 Review.

'Subtraction model'. Our preference remains for a direct assessment of needs rather than the 'subtraction model' proposed by the Commission. We welcome the Commission abandoning the subtraction method for a single Health assessment and consider it to be similarly inappropriate for this sub-category of health expenses. In our view, this method takes the assessment away from what States actually do and the drivers of State expenditures by not directly assessing the factors affecting State costs and demands.

Although we note the CGC does not accept the point, we also continue to believe that the method assumes full and complete substitutability between Australian Government, private provision and State provision of these health services. This is readily seen by modelling a movement in the measure of private provision, which automatically results in an opposite movement in the measured State provision of services. While some substitution of services is evident, we do not accept that complete substitutability is correct.

We also remain concerned about the quality of data used in the assessment. While the derivation of the non-State provision measure has been improved since the first iteration, the sensitivity of the results to any change is of continuing concern.

Socioeconomic status factor. Regarding a socioeconomic status factor, we note the staff comment that the conceptual case is accepted – indeed it is hard to see how it can be denied in the face of the international and Australian evidence (some of which was detailed in our November 2007 submission). We therefore remain somewhat puzzled as to why the Commission seems reluctant to adopt a factor in the assessment. We recognise that this may involve the introduction of a different set of data to that used elsewhere in the assessment, but we also note that this does not seem to be a determining factor in other assessments.

South Australia will further address this issue during the CGC visit in July and will once more provide extensive supporting data. We remain firmly of the view that a socioeconomic status factor must be taken into account in the assessment.

The discussion paper mentions the possibility of using ABS National Health Survey (NHS) data to derive an adjustment weight, similar to the Indigenous adjustment weight, to reflect the added use of health services by the lower socioeconomic population. It says an indicator for low socioeconomic status

could be based upon income or SEIFA. We would encourage the Commission to further pursue this option.

The discussion paper also says that it is not clear which SDC measure would identify the SES disadvantaged population best – we suggest that either of the indicators identified would at least go some way in recognising the disability faced and both should be modelled.

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