

Measuring what matters

AMA submission to the Treasury 2nd phase of consultation

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Investing in health increases economic output

There is an extensive body of global evidence supporting the concept that investing in healthcare supports economic productivity and growth. The European Union's Commission on Macroeconomics and Health report [*The contribution of health to the economy in the European Union*](#) released in 2005 presented significant evidence to demonstrate how good health promotes labour supply and productivity, reduces early retirement, and is a key determinant of economic growth and competitiveness. The report concluded:

While the economic argument for investing in health in high-income countries may differ in detail from that in low-income countries, we have found considerable and convincing evidence that significant economic benefits can be achieved by improving health not only in developing, but also in developed countries.

Workforce participation is an important measure of economic activity and plays a crucial role in the economic, social, and human development of a country. When more people are employed, the gross domestic product (GDP) of a country increases, enabling investment in infrastructure, education, and other social services that can improve the quality of life of its citizens. High workforce participation also promotes social integration and helps to reduce poverty and inequality, and therefore reliance on social welfare.

The AMA has continuously argued that Australian economic policy needs to recognise that costs associated with inadequate prevention and delayed healthcare, including for chronic illness, access to planned essential surgeries or mental healthcare, have impacts beyond the health system.

Delayed access to healthcare has an impact, leading to loss of quality of life and further deterioration of health for the persons affected. Delaying a minor surgical intervention to improve the hearing of a child can result in significant challenges later in life if they miss crucial developmental milestones. This is likely to incur much larger costs throughout their life than the

cost of surgery. Access to joint replacement surgery for someone in their fifties, still with years or decades before retirement, results in their inability to work for extended periods of time while also leaving them reliant on pain medication. This may also negatively impact their mental health.

All these costs are borne by taxpayers but they could have been avoided by better investment at an earlier stage. The AMA has been calling for all levels of government to stop shifting the costs and work together to solve these problems. We see the Treasury's plan to measure what matters as a key component in this, in terms of establishing and delivering evidence.

Investing in healthcare improves lives

Investing in healthcare improves health outcomes, life expectancy, and quality of life. Australia has made significant gains in life expectancy in recent decades, largely due to investment in healthcare that has increasingly acknowledged the role that the social determinants of health play in our wellbeing. Since 1890, the life expectancy in Australia has increased for females from 50.8 years to 85.4 years (34.6 years) and for males from 47.2 years to 81.3 years (34.1 years).¹ Over the past 50 years, life expectancy at birth has improved for females by 10.9 years and males 13.5 years, meaning people born in 1972 have a longer life expectancy now than was expected when they were born.²

The AMA believes we are now at a point where the investment required to increase life expectancy will be more challenging as healthcare pushes up against the technology frontier. Life expectancy is a useful measure for the improvements we have made in the past, but to genuinely improve the wellbeing of all Australians we need to shift our focus. Future investment in healthcare should therefore focus on two outcomes:

- improving the life expectancy of more of the population, in particular diverse populations that have often been overlooked such as lower socioeconomic groups, Aboriginal and Torres Strait Islander peoples, and those living in rural and remote communities and
- increasing the number of years lived in good health through preventing the onset of chronic disease and illness, and better management of these conditions in primary and community settings.

Improving the life expectancy of vulnerable populations as well as reducing the number of years lived in ill-health will have direct measurable economic benefits from increased workforce participation, as well as other valuable but intangible inputs into the economy (such as the social benefits of community service and volunteering).

¹ Australian Institute of Health and Welfare (2022). *Deaths in Australia, Life expectancy (expected age at death in years) at different ages by sex, 1881–1890 to 2018–2020*. Retrieved 04/05/2023 from: <https://www.aihw.gov.au/reports/life-expectancy-death/deaths-in-australia/data>

² Australian Institute of Health and Welfare (2022). *Deaths in Australia, Life expectancy (expected age at death in years) at different ages by sex, 1881–1890 to 2018–2020*. Retrieved 04/05/2023 from: <https://www.aihw.gov.au/reports/life-expectancy-death/deaths-in-australia/data>

Investing in healthcare saves money

The Productivity Commission's [Shifting the Dial: 5 Year Productivity Review](#), published in 2017, proposed several recommendations to create a health system that is integrated, patient-centred, focused on prevention and chronic illness management. The Productivity Commission estimated that these reforms could save the health system \$140 billion over 20 years, demonstrating that investment in healthcare saves money.³

In the long term, investing in preventative health makes the most sense. However, the reality is that for too many years Australian governments failed to make that investment. This is largely because, in a three-year election cycle, it is hard for governments to demonstrate measurable and deliverable outcomes of long-term policy.⁴

Measuring what matters must lead to more policies and reforms that will deliver outcomes that improve our wellbeing and support a healthier budget which sit outside the current election cycle. The AMA will strongly support efforts to achieve this.

As it stands, this longer-term focus is not happening. Currently, public health in Australia accounts for only 1.5 per cent of total health expenditure.⁵ A 2017 report found that Australia spent around \$2 billion on prevention each year (approximately \$89 per person), or just 0.13 per cent of gross domestic product (GDP).⁶ This is significantly below other comparable OECD countries, such as Canada, the USA, the UK and New Zealand. Improvements in public health investment are desperately needed if Australia wants to continue to be a prosperous, inclusive and sustainable society.

Healthy Theme

Healthy theme in the Treasury consultation paper is defined as: *A society in which people feel well and are in good physical and mental health now and into the future*. Based on this, the AMA proposes a list of outcomes and indicators that should be applied for measuring health outcomes of the Australian population under this theme.

Much of the data that are required for reporting on these proposed outcomes and indicators are already collected, either by the Australian Institute of Health and Welfare (AIHW) or the Australian Bureau of Statistics (ABS). Specifically, the AIHW collects and reports on the data under the Australia's health performance framework.⁷ That data collection could be expanded

³ Productivity Commission (2017). *Shifting the dial: 5 year productivity review*. Retrieved 05/05/2023 from: <https://www.pc.gov.au/inquiries/completed/productivity-review/report/2-healthier-australians>

⁴ Hoffman, S.J., Creatore, M.I., Klassen, A. *et al.* Building the political case for investing in public health and public health research. *Can J Public Health* **110**, 270–274 (2019). <https://doi.org/10.17269/s41997-019-00214-3>

⁵ <https://www.health.gov.au/sites/default/files/documents/2021/10/national-health-reform-agreement-nhra-long-term-health-reforms-roadmap.pdf>

⁶ https://fare.org.au/wp-content/uploads/Preventive-health-How-much-does-Australia-spend-and-is-it-enough_FINAL.pdf

⁷ <https://www.aihw.gov.au/reports-data/australias-health-performance/australias-health-performance-framework>

to capture the impact of climate change on individual and community health for example, or data on vaping impacts in the same manner national smoking data are collected.

Below is the AMA's proposed outcomes framework under the Healthy theme.

Healthy: A society in which people feel well and are in good physical and mental health now and into the future

Note that the **data sources highlighted in red** are not currently collected or reported on.

Outcome	Indicators	Data source/means of verification
Australians have good physical health	<ul style="list-style-type: none"> • Reduction in chronic disease • Prevalence of overweight and obesity • Early cancer screening and detection • Reduction in type 2 diabetes prevalence • Reduction in pregnancy complications and stillbirths • Fruit and vegetable intake • Increase in levels of physical activity in general population • Impact of climate change on physical health 	<ul style="list-style-type: none"> • AIHW self-assessed health status • AIHW self-assessed health status to include reporting on impact of climate change at individual and community level • AIHW hospital data collection to include hospital admissions due to climate change/extreme weather events • ABS health conditions prevalence statistics • AIHW determinants of health: health behaviours • AIHW cancer screening rates • AIHW survival of people diagnosed with cancer • AIHW females with antenatal visit in the first trimester of pregnancy • AIHW insufficient physical activity • AIHW inadequate fruit and vegetable uptake • AIHW immunisation rates
Australians have good mental health	<ul style="list-style-type: none"> • Increase in self-reported mental wellbeing • Decrease in the number of suicides per year • Availability and accessibility of coordinated mental health care, including through primary care via Medicare 	<ul style="list-style-type: none"> • AIHW proportion of adults with psychological distress • ABS health Conditions prevalence Statistics • AIHW suicide & self-harm monitoring • AIHW self-assessed health status to include reporting on impact of climate change

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	<ul style="list-style-type: none"> • Impact of climate change on mental health • Number of specialised mental health beds in mental health wards of public hospitals 	<p>on mental health at individual level</p>
<p>Australia has a functional preventative health system, addressing wider determinants of health</p>	<ul style="list-style-type: none"> • Preventative health investment increase • Sugar tax introduced, with revenue directed towards preventative health activities • Preventative health included of National Health Reform Agreement with specific commitments by Commonwealth and States, including accountabilities for implementation/lack of • Implementation of Preventative Health Strategy 2021-2030 • Increase in culturally safe preventative health activities targeting First Nation's Peoples • Promotion of health literacy in broader population, with specific focus on lower socio-economic groups, including through implementation of National Health Literacy Strategy • Increase in self-reported health literacy by wider population • Children meeting developmental health milestones • Development and implementation of Early Years Strategy • Number and effect of climate change mitigation activities 	<ul style="list-style-type: none"> • AIHW to start reporting on cumulative Government (both states and Commonwealth) expenditure on preventative health • AIHW rates of current daily smokers • AIHW or ABS new data collection/cluster on vaping rates, especially among young people • AIHW hospital data collection to start reporting on hospitalisations due to vaping injuries • AIHW levels of risky alcohol consumption, illicit drug use and gambling. • AIHW inadequate fruit and vegetable intake • Develop a reporting mechanism on climate change mitigation, adaptation and resilience activities that is linked to physical and mental health outcomes of Australians. This could be linked to the future Climate Change and Health Strategy developed by the Department of Health and Aged Care
<p>Australians have good and equitable access to health services</p>	<ul style="list-style-type: none"> • GP bulk-billing rates increase • Improved access to primary care for patients in rural and regional areas of Australia • Rates of coordinated care provided to patients with chronic diseases through Voluntary Patient Enrolment • Reduction in hospital presentation rates due to improved access to primary care • Reduction in wait times to access medical specialists in the public 	<ul style="list-style-type: none"> • Restart the Bettering the Evaluation and Care of Health (BEACH) program to measure what matters to patients and doctors in primary care • AIHW primary health care data (currently under development) • AIHW primary health care Healthy community indicators

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	<p>hospital system after GP referral with particular focus on rural and regional patients (out-patient appointments)</p> <ul style="list-style-type: none">• Waiting times for elective surgery• Waiting times for emergency department care• Public hospital capacity: increase in availability of public hospital beds for patients over the age of 65• Impact of climate change and extreme weather events on accessibility of healthcare facilities (for example, access to healthcare in Lismore was significantly affected by the recent flood events)	<ul style="list-style-type: none">• AIHW Practice Incentives Program Quality Improvement Measures: National report• AIHW National Hospital Data Collection
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Conclusion

The AMA appreciates the opportunity to contribute to this consultation. We look forward further engagement with The Treasury on Measuring what matters.

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