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Budget hospital funding reveals just how flawed current funding model is

Public hospital funding details in this week’s budget showing fewer patients than planned will be able to access treatment over the next four years demonstrates just how flawed the public hospital funding model is.

Australian Medical Association President Professor Stephen Robson said according to the budget figures, funding to states and territories for public hospital services was now forecast to be \$2.4 billion less than previously thought over the next four years to 2025–26, due to a reduction in the volume of hospital services forecasted by the states and territories.

“The AMA is stunned that this decrease is forecast at a time when demand for hospital services is at an all-time high,” Professor Robson said.

“We know that hospitals are at capacity, with ambulances ramping outside emergency departments and patients waiting years for essential elective surgery. And we know that hospitals are struggling to address the backlog of care that has been created by COVID-19.

“So why are the states and territories forecasting a reduction in hospital services at a time where demand is at a record high?

“The answer is simple — states and territories need to expand their capacity — more beds and more staff to meet community demand.

“But they don’t have the staff, they might not have the beds, and the current funding model is broken with the overall investment from both the states/territories and the Commonwealth falling short of what is needed.

Professor Robson said the current funding model, combined with the 6.5 per cent cap on funding growth, means patients will continue to suffer as inflation increases, eating into the Commonwealth’s funding for growth.

“While COVID-19 has disrupted our health system, this doesn’t explain why there is a reduction in the volume of hospital services right through until 2026.”

“And with the COVID-19 50/50 hospital funding due to end in December, the situation will only worsen, at a time when, if we look at what is happening internationally, we are likely to see another spike in COVID-19 cases.”

Professor Robson said immediate action is needed to help hospitals expand their capacity to meet community demand and address the backlog of care, as outlined in [AMA’s Clear the Hospital Logjam](#) campaign.

“We are calling on the government to act now to ensure states and territories can provide the services the community actually needs, not the services allowed under a flawed funding model.”

“But of course, we also need state and territory governments to devote every available extra resource they have to clear the logjam in their hospitals. We need to move past the blame game and work together to get a better hospital funding approach, to improve access for all Australians.”

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