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Health Department of Western Australia

A C K N O W L E D G E M E N T

The many people and organisations who participated in the development of this discussion paper are acknowledged, particularly the Metropolitan Health Strategic Planning Committee who included:

Dr Dianne McCavanagh	Chairperson Representative, Health Department of Western Australia General Manager, Strategic Planning and Evaluation
Dr Neale Fong	Representative, Health Department of Western Australia Chief General Manager, Operations
Dr Gareth Goodier	Representative, Metropolitan Health Service Board Chief Executive Officer, PMH/KEMH
Professor Louis Landau	Representative, Metropolitan Health Service Board Executive Dean, Faculty of Medicine and Dentistry, University of Western Australia
Ms Helen Lynes	Community Member
Mrs Helen Morton	Representative, Metropolitan Health Service Board General Manager, Armadale Health Service
Dr Bryant Stokes	Representative, Health Department of Western Australia Chief Medical Officer

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Strategic Planning and Evaluation
Health Department of Western Australia
189 Royal Street East Perth Western Australia 6004
Phone: 08 9222 4141 Fax: 08 9222 2481
Email: strategic.planning@health.wa.gov.au

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A tent on Garden Island was set up as the first hospital in the State in 1829. Two more hospitals were set up in rented accommodation before the Colonial Hospital was finally established on its current site in 1855.

TURNING FROM the past

The histories of the establishment of the Colonial Hospital (now Royal Perth Hospital), The Knowle (now Fremantle Hospital), Perth Children's Hospital (now Princess Margaret Hospital for Children), King Edward Memorial Hospital for Women and Sir Charles Gairdner Hospital provide fascinating insights, not only into the people behind their development and their achievements, but also into the thinking and attitudes which have shaped the evolution of the health system over the years.

In the years since European settlement, the Western Australian health system has been subject to accumulating pressures which have from time to time come together to bring about significant shifts in the health system. It has gone through a number of more or less identifiable phases, each ushered in by a coalescence of political, economic, social and technological pressures for change.

In Destitute Circumstances – 1829 to 1890

In 1842 one of the early Governors of Western Australia asserted:

> ...there are no Public Hospitals in Europe entirely supported from the Public Chest... they are invariably supported either by funds devised by parties in trust for the purpose or annual private subscriptions. It is therefore...absolutely necessary to confine the indulgence to persons who are in destitute circumstances.[1]

How different this was from the lot of influential private citizens to whom it was:

> ...a mark of respectability and affluence to be able to secure medical attention in their own homes.[2]

The Governor's insistence that public hospitals should be reserved for the poor and destitute was consistent with contemporary thinking in early Victorian England, the 'well' from which the early settlers of Western Australia had sprung. Prospective hospital patients were rigorously screened to ensure that they were in

1 *Governor Hutt (1842), in History of Royal Perth Hospital, G C Bolton & P Joske, 1982.*
2 *G C Bolton & P Joske, History of Royal Perth Hospital, UWA Press, 1982.*

destitute circumstances. It was not until 1946, following the introduction by the Commonwealth Government of a bed-day subsidy, that Western Australian public hospitals finally dropped the 'means test' and opened their doors to all members of the community.

Western Australia was a small and struggling colony of some 5,000 people in 1850 when the transportation of convicts commenced (1850 to 1868). By 1890, when representative government was introduced, the population had risen to 46,000. The discovery of gold in the Kimberley, Murchison and Eastern Goldfields regions between 1885 and 1893 brought a period of economic prosperity and rapid growth and by the turn of the century the population of Western Australia had more than trebled to 180,000 people.

A tent on Garden Island was set up as the first hospital in the State in 1829. Two more hospitals were set up in rented accommodation before the Colonial Hospital (later Royal Perth Hospital) was finally established on its current site in 1855. Unlike the hospitals in eastern Australia, the Colonial Hospital was funded primarily from the public purse and control of the hospital remained in the hands of the Executive Council. As a place reserved for the treatment of the destitute, there was little pressure from most of the influential private citizens about the standard of hospital care.

Medical treatments available for much of the nineteenth century were rudimentary by today's standards and hospitals were unpopular, even amongst the destitute. But this was to change with major scientific discoveries such as anaesthesia (1842), antiseptic surgery (1867), bacteria (1876), diphtheria antitoxin (1892), X-rays (1895), viruses (1898), radiation (1896) and Aspirin (1899). In 1872 the earliest recorded surgery under a general anaesthetic (chloroform) in Western Australia took place.

Unaccustomed Luxury – 1890 to 1914

On Friday, 22 January 1897, after years of community campaigning, Fremantle Hospital was finally established on its current site:

> ...the patients were very carefully carried on stretchers from Point Street to The Knowle. A party of men from the prison, who had been busy putting fittings and beds in position for some days, were still making the carriageway from Alma Street...nurses were delighted with two or three gas stoves to heat water, and the unaccustomed luxury of plumbing to pipe hot and cold water to fixed baths and sinks.[3]

In 1892, there were ten Government hospitals in Western Australia with a total of 102 beds. The next quarter of a century brought unprecedented change and growth in the Western Australian health care system with many other developments such as:

- Infectious Diseases Hospital at Shenton Park (1893);
- first Hospitals Act to regulate hospitals (1894);
- extension of the Perth Hospital (1897 and 1904);
- X-ray department at the Perth Hospital (1897)
- St John of God, Subiaco (1897);
- Homes of Peace, Subiaco (1903);
- Claremont Hospital (1909);
- Perth Children's Hospital (1909);
- school medical services (1910); and
- King Edward Memorial Hospital for Women(1916).

What led to such a revolution in the health care system? Clearly, the economic prosperity that came with the discovery of gold played a major enabling role, but this alone would not have been sufficient. A number of additional factors came together to produce this change, including:

Political factors

- establishment of parliamentary democracy in WA (1890);
- Australian Federation (1901); and
- growth of unionism (commenced 1880s).

Social factors

- dramatic population growth (approximately 250,000 between 1890 and 1914) and increasing complexity of society;
- changing community values with active questioning of the conventional social order, including the origins of disadvantage;
- introduction of voting for women in State elections (1899); and
- introduction of Federal Invalid and Old Age Pensions Act (1908).

Technological factors

- the rapid growth of medical technology founded upon the scientific discoveries of the 19th century dramatically increasing the availability of effective treatments and raising public confidence in the health care system; and
- improved communication and transport systems.

Notwithstanding these substantial changes in health care, public hospitals essentially remained restricted to poor and worthy sufferers, still under the auspices of charity. To cater for the growing demands for hospital services of the more affluent members of society, small private hospitals started to spring up around Perth during the 1890s. By 1928, St John of God Hospital in Subiaco was taking over 60% of all private patients.

3 *P Garrick & C Jeffery, Fremantle Hospital: A Social History to 1987, Fremantle Hospital, 1987.*

An Acute Shortage of Ready Money – 1914 to 1945

The outbreak of the First World War in 1914 brought an end to the great period of hospital building in Western Australia. In the postwar period, State Government attention turned to infrastructure development and the rural areas. In 1927, the Hawkin's Committee was convened to review hospitals in Western Australia. Based on United States' benchmarks, it estimated that the Perth metropolitan area required 900 beds for general cases and 135 for infectious diseases, compared with its existing 765 and 90 respectively.

The Committee estimated that by 1937, the Perth Hospital would require 537 beds. Believing that these beds could not be accommodated on the present site, it recommended the development of another public hospital adjacent to the University of Western Australia, a proposal that was to surface again some twenty years later.

The year 1929 brought the onset of the Great Depression which was to last until 1933. In that year the Perth Children's Hospital launched an appeal amongst businesses and individuals to help cover its costs. Unlike the Perth Hospital, the Perth Children's Hospital had, from its inception, raised most of its operating funds from charity and by public subscription.

The appeal, launched during the depression, was predictably unsuccessful. It was reported:

> There appears to be an acute shortage of ready money...distress and poverty exist in nearly all suburbs...As a result of the straitened circumstances brought about by unemployment, sickness and other causes, many families are in a miserable condition. The state of the houses in which many of these people live must seriously militate against the health of children.[4]

The Government was approached for a grant. Reluctantly, in 1930, the Government accepted responsibility for regular contributions to the maintenance and operating costs of the public hospitals and in 1931 the Hospitals Tax Act came into effect. This Act provided for regular subsidies to public hospitals of six shillings per occupied bed day.

By 1937, the Perth Hospital was under considerable pressure and the Hospital Board commissioned a review. The report was scathing about conditions in the hospital and recommended the building of a new multi-storey block on the Wellington Street site. Although eventually approved by Government in 1939, in 1942 construction was interrupted by the Second World War. The building was finally opened in 1948.

The period between the wars can be viewed as one of consolidation during which a number of important projects were undertaken, focusing primarily on extending the capacity of existing health care services. Projects included:

- a children's ward at Fremantle Hospital (1919);
- Commonwealth Rehabilitation Wards at the Perth Hospital (1922);
- the first school dental service (1926);
- a radium treatment unit at the Perth Hospital (1928);
- Heathcote Hospital, for the reception of people suspected of having a mental illness (1929);
- the new Centenary Block at King Edward Memorial Hospital (1932);
- the first infant health clinic (1934);
- significant re-development of the Infectious Diseases Hospital at Shenton Park (1938);
- an Infant's Ward at the Perth Children's Hospital (1938); and
- the establishment of a Blood Bank (1940).

During this time, medical technology continued to advance, spurred on by both wars. Penicillin was introduced into clinical practice in 1943.

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4 *C T Stannage, The People of Perth: A Social History of Western Australia's Capital City, Perth City Council, 1979.*

Centres of Science and Technology – 1945 to 1982

The experience of war and depression had a significant impact on the Australian psyche and during the 1920s and 1930s there was considerable debate about social welfare provisions. The debate essentially centred on the appropriateness of contributory welfare schemes (based upon the doctrine of 'individual responsibility') versus universalism (based upon the doctrine of 'collective rights').

With the war requiring greater central direction and control, the Federal Government moved to centralise taxation, previously the province of the States. A High Court challenge not only upheld the Federal Government's powers for the duration of the war, but for all time. This decision irrevocably brought about a change in the relative access to finance of the State and Federal Governments. It was to have a profound effect on the shape of health and social policies.

In rapid succession, the Federal Government moved to introduce child endowment (1941), a widow's pension (1942), the national welfare fund (1943), maternity allowance (1943), unemployment and sickness benefits (1944), increases to existing aged and invalid pensions (various points) and the medical benefits schemes (1944-1949).

The introduction of the Commonwealth hospital bed-day subsidy in 1946 had a profound effect on the public hospital system, opening up all Western Australian public hospitals to the entire community for the first time.

The 1950s and 1960s was a period of almost continuously expanding production and prosperity throughout Australia. Western Australia experienced an added benefit with the mineral boom of the late 1960s. The population of the State increased dramatically from 500,000 in 1947 to 1 million by 1970.

Fuelled by this period of growth, Western Australia's health care system underwent massive change and development during the period 1945 to 1982, essentially taking on the shape which would be familiar to most people today.

Three additional factors that played a significant role in shaping the Western Australian health system over this period of time were:

- the establishment in 1956 of the Medical School at the University of Western Australia;
- the Committee of Enquiry into Metropolitan Hospital Needs in 1961 (Stephenson Report); and
- the entry of the Federal Government into health care policy and funding.

With access to anaesthesia, a sterile environment, X-rays and good professional nursing, the 20th century hospital finally arrived. But developing medical technology meant that people had to go to the technology, it could no longer be brought to them. The hospitals had been transformed into centres of science and technology.

In 1954, the State Government approved the establishment of a Medical School at the University of Western Australia. Prior to this, students wanting to study medicine had had to travel to Adelaide or Melbourne. The first student intake was in 1956. Four years later, the University Senate put a submission to the Minister for Health asking for a re-examination of the proposal for the development of a new general and teaching hospital at Hollywood, adjacent to the University.

The Dean of the Faculty of Medicine wrote in 1960:

> ...when the Medical School was established in 1956, it was not thought probable that the accommodation provided at the Royal Perth Hospital would serve as the nucleus of an expanding faculty universe...and a forecast was made that "within twenty years" Government would be faced with building a permanent home for the Faculty in close proximity to a new specialist hospital... In the event, the shortage of faculty accommodation has been felt at an earlier date than was ever anticipated...[5]

The Minister for Health set up a Special Committee of Enquiry, headed by Professor Gordon Stephenson, to investigate the University's proposal and to review the hospital requirements of the metropolitan region at the same time.

5 *E Saint, 'Submission from the Dean of the Faculty of Medicine', in Report of the Minister of Health's Special Committee of Enquiry into Metropolitan Hospital Needs, May 1961.*

In its report to the Minister in May 1961, the Committee wrote:

> It would be possible, with the aid of quite superficial surveys and the comfort of superficial pronouncements, to say that on the whole, the existing hospital system is fairly adequate. We could then draw up a programme which would try to supply its worst deficiencies over the next 10 or 20 years. Alternatively, we can recognise, that here in Western Australia, as well as other countries of the world, a revolution is taking place in hospital requirements, and that these changes are being caused by such facts as improved medical techniques, hospital insurance benefits, and the high staffing and maintenance cost of hospitals.[6]

The Committee took the latter alternative and in a fascinating and far-sighted report set out its vision for the Western Australian hospital system for the next forty years. After a thorough analysis of population trends, international standards of best practice, the composition and configuration of existing hospital facilities and the views of key stakeholders, they recommended the staged development of a new teaching hospital on the site of the Chest Hospital (1958) at Hollywood, adjacent to the University. In 1963, the Chest Hospital was renamed Sir Charles Gairdner Hospital; it grew incrementally throughout the 1960s and 1970s and became, in 1977, part of the QE11 Medical Centre.

But the Committee's recommendations did not end there. It proposed the development of 'general practitioner hospitals' for general and maternity cases at Osborne Park, Midland Junction, Armadale, Kwinana and Queens Park. The Report stated further:

> When the metropolitan population reaches 1,000,000, approximately in the year 1995, the following would be the six major general hospitals: the new hospital at Hollywood; Royal Perth Hospital; the Princess Margaret Hospital (children); Fremantle Hospital; and the new hospitals at Bull Creek and Osborne Park. As the population grows beyond this point the hospitals at Kwinana and Midland Junction will probably expand to achieve general hospital status...About the year 2000, a second medical school will be needed, and the Bull Creek hospital would be suitable for the main teaching hospital for such a medical school.[7]

The Stephenson Report was a remarkable piece of work for its time, based on the latest medical thinking and practice of the day. Essentially, it laid the foundation for much of the development of the metropolitan hospital system as it is today, notably Sir Charles Gairdner Hospital and the secondary hospitals.

What the Report underestimated was the rate of growth of Perth and the geographic spread of its population. It predicted that the population of Perth would reach one million by 1995 and 1.1 million by the turn of the century. Furthermore, the report went on:

> The central hospital group will...be within eight to ten miles [13 to 16 kms], as the crow flies, from the periphery of the main built-up area as it is likely to be at the end of the century; and readily accessible by the radiating highways from the outer as well as the inner suburbs.[8]

In fact, Perth's population reached the one million mark in 1985, some ten years earlier than predicted, and the metropolitan area now extends for about 100 kilometres from north to south and 30 from east to west.

The year 1972 saw the beginning of large national health and welfare spending programs. Federal 'specific purpose grants' to the States for health increased dramatically, particularly in the area of non-institutional services. Between 1972 and 1979, expenditure on public and community health in Western Australia increased sixfold, from around $6.5 to $39.5 million. The origins of many of the community-based health services in their present form can be traced back to this period.

The economic downturn of the later part of the 1970s brought an end to this era. Construction on the North Block of Royal Perth Hospital was halted in 1979. The final major capital works projects during this period were the Princess of Wales Building at Fremantle Hospital (1981) and the remodelling of Princess Margaret Hospital. In 1979 the Federal Government ceased its special purpose health funding grants.

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6 *Report of the Minister of Health's Special Committee of Enquiry into Metropolitan Hospital Needs, May 1961.*
7 *ibid.*
8 *ibid.*

In an Increasingly Competitive World – 1982 to 1998

Development of the Western Australian health system during this period has been dominated by a number of factors including:

- the increasing role of the Federal Government in health care policy and finance;
- the changing economic climate;
- growing consumer demand;
- rapidly developing health, information and communication technology;
- the shift to evidence based medicine; and
- attempts to reduce inequalities in health status.

The arguments for and against a universal compulsory health insurance scheme have waxed and waned from before the turn of the century. Only months after its introduction, Medibank, the first such scheme, was dismantled in 1976. In 1983, the newly elected Government undertook the re-introduction of a compulsory health insurance in the form of Medicare. It was based on the principles of:

- universal coverage (access to all);
- fairness (contributions in accordance with ability to pay);
- affordability (costs held down by subsidies); and
- simplicity (eligibility for all).

Medicare has had a profound effect both on the Australian population and on the health care system. Support amongst Australians for Medicare has grown steadily from 44% at the time of its introduction in 1983 to 93% in 1996/97.[9] Conversely, participation in private health insurance has steadily declined, down to 34% in Western Australia in December 1997. While arguments still continue about the impact of Medicare on public hospital numbers and on expenditure, the Australian public appears to have given solid endorsement to its underlying principles.

The latter part of this period has witnessed what appears to be the private health care sector 're-inventing' itself by re-defining its relationship with government. In the face of the declining private patient market, small private operators are gradually disappearing or being taken over by large companies, many of which are entering into new arrangements with government through the contracting out of public health care services.

The Australian economy, like that of many other countries, has been subject to a 'range of complex processes including a dramatic expansion in the speed and extent of international trade, investment, production, financial and information flows and the growing significance of regional trading blocks and international economic agreements'.[10]

In an increasingly competitive world, this period has been marked by lower economic growth with high unemployment and periods of recession. Governments across Australia have responded with strategies aimed at increasing local and international competitiveness and reducing public sector spending.

The winds of change were felt early during this period in Western Australia with the amalgamation of the three former independent departments of Hospitals, Mental Health and Public Health to form the Health Department of Western Australia. In his inaugural report, the Commissioner of Health wrote:

> The objective of Government in amalgamating the three existing departments into the one Health Department on July 1 1984, was to provide a rigorous, accountable management structure.[11]

In the fourteen years since its formation, the Health Department of Western Australia has undergone a number of reforms, primarily of its management and organisational structure. The fundamental dynamic of many of these reforms has been the age-old problem of trying to balance the tensions, inherent in every system, between the growing demand for and supply of health care services on the one hand and the resources available on the other.

Between 1982 and 1996, the population of the metropolitan area increased by about 25%, from 950,000 to 1.25 million people. This growth, together with the ageing of the population, has clearly increased the demand for health services. Furthermore, there is evidence that changing community expectations, especially in relation to

9 *Health Insurance Commission, Annual Report 1996/97.*
10 *J Wiseman, 'All for one or one for all? The past and future of the Australian welfare state', The Australian Welfare State: Key Documents and Themes, eds Wilson, Thomson & Mc Mahon, McMillan Education, Melbourne, 1996.*
11 *Health Department of Western Australia, Annual Report 1985, HDWA, Perth, 1985.*

the speed of services and the range of treatments, have been pushing up demand. But there is accumulating evidence that these factors taken in isolation would not have been sufficient to account for the actual growth in demand that has occurred during this period.[12, 13]

The key underlying determinant of increasing demand, which was well recognised by our predecessors, remains the rapid advance in medical technology that has greatly enhanced treatment capability. There have been astonishing developments in the last 10 to 15 years in many areas of medicine including anaesthesia, surgery, diagnostic procedures, pharmaceuticals and tele-health. Increased medical capability, combined with population factors and community expectations, has had a substantial effect on the demand for and cost of health services.

It is within this environment that attention during the 1990s has turned to 'health outcomes', that is, to the change in the health of an individual, group or population which is attributable to an intervention or series of interventions. The focus on outcomes has also highlighted the significant inequalities in the health of Western Australians. Evidence has steadily accumulated that there is considerable variability in the judgements made by individual clinicians about recommending specific treatments and, perhaps as a consequence, considerable variation in outcomes. Clinical protocols and the powerful evidence-based medicine movement, which will have a substantial effect on shaping the organisation and delivery of health services, are direct responses to this clinical variability.

12 J P Newhouse, 'An iconoclastic view of health cost containment', Health Affairs Supplement, 1993.
13 W B Schwartz & D N Mendelson, 'Eliminating waste and inefficiency can do little to contain costs', Health Affairs, Spring, 1994.