

# Review of Primary Health Network Business Model & Mental Health Flexible Funding Model

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Submission to the Department of Health and Aged Care

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of social care**



## Introduction

The Business Council of Co-operatives and Mutuals (BCCM), is the peak industry body for co-operatives and mutuals in Australia. We are members of the [International Co-operative Alliance](#), which represents the interests of co-operatives across the world.

The Department of Health and Aged Care (DHAC) has funded the BCCM to deliver the [Care Together Program](#). This is a business model innovation program designed to promote greater diversity of business models in social care sectors with an emphasis on regional rural and remote areas of Australia.

Care Together is Australia's first co-operative development and support program, providing an opportunity for building information, knowledge and capacity to encourage the growth of more co-operatives in regional, rural and remote communities.

Following Royal Commission findings in aged care and disability/NDIS, the focus of Care Together projects are on helping to address the inequities in health and social care outcomes by engaging communities in having ownership of those services at a time when many larger providers are abandoning the regions.

The previous Rural Health Commissioner, Dr Ruth Stewart was an advocate for the Care Together program. Ruth knew how co-operatives can thrive in regional areas, offering an alternative to the status quo. The cross-sector place-based design of the program was also of interest with potential to inspire more multi-disciplinary models of care and stronger focus on community empowerment and innovation. Ruth arranged for the Care Together team to brief Primary Health Network (PHN) CEO's, providing an impetus for further engagement with those PHNs showing interest in the Care Together program.

Care Together has subsequently engaged with PHNs that have shown interest in the Care Together program following a presentation we made to the Rural Health Commission Advisory Meeting on 10 December 2021. The PHNs with which we have engaged at various stages of the program are the [Hunter New England Central Coast PHN](#), the [Murray PHN](#), the [South Eastern NSW PHN](#), the [Western Queensland PHN](#), the [South Brisbane PHN](#) and the [Western Victoria PHN](#).

Whilst the level of engagement with these PHNs varied, the deepest engagement has been with the Hunter New England Central Coast PHN (The PHN) which put forward what became the first Care Together project.

We have chosen not to respond to all sections of the consultation discussion paper. This is because our interest in the review derives mainly from our experience of working with communities across regional Australia to shape what we would call "broken markets". These are vast areas of Australia for where a one size fits all model does not work and different business models are desperately needed. To differing degrees, Care Together projects are demonstrating better alternatives that empower communities by building their awareness of co-operative solutions and build their capacity to establish co-operatives that address need in their communities.



## The Care Together Projects

Care Together is supporting 12 projects at various stages of development. We have worked collaboratively with DHAC through the Thin Markets branch in the Markets and Workforce Division.

For more details on the Care Together projects and the project methodology can be found on the [Care Together website - projects](#).

### Case Study: Hunter New England Central Coast PHN

#### Background

*The PHN had produced a report [Better Health for the Bush](#) which focused on the health care needs of small rural towns across the PHN region. Glen Innes was one of those towns where the PHN saw an opportunity to engage with the Care Together Program. Significant work had been done in Glen Innes to engage the local community and key stakeholders, in particular the Glen Innes Severn Shire Council which had offered support in the form of a building to accommodate a new service. The PHN had been approved for a multi-disciplinary health team with a focus on improving access to primary health and attracting GP's to the area. The foundation work done by the PHN demonstrated a deep understanding of wider community interests, including from sectors like aged care, where they already had a navigation service in place. It was serendipitous that a new Board Chair had been recruited around the time Care Together was starting, who had significant experience with co-operative and mutual enterprises. Following discussions with the Care Together team, the PHN acknowledged they needed to give more focus on how the governance of this multi-disciplinary health team would work and what this might mean longer term for other small towns across their region. Working with the PHN's senior executive team on the Care Together project has been very fulfilling, albeit challenging for both the PHN and Care Together. The PHN project has achieved remarkable results and is ongoing. Through engagement with the Care Together team, the PHN has grown significantly in its understanding of how co-operatives work. A highlight of the project was the holding of a Town Hall meeting when the PHN presented its plans to the community for the multi-disciplinary health service and how it would be governed. Central to this proposal was for the multi-disciplinary health service to be community owned, that is, governed by the community with a staged approach to implementation.*

#### What we are learning from this project

1. The PHN project is an example of “market shaping” where governance and building community ownership is vital at the outset.
2. Senior executive and board support is essential for innovation around co-operatives.
3. Access to capital is vital to support market shaping to occur with strong community engagement.
4. The most significant challenges for the project were retrofitting what was required for a community owned and governed service and doing this with probity.
5. There were challenges reconciling the commissioning role of the PHN with a role where the PHN was shaping future potential for a different approach to sustainable primary health that included other social care services and embraced a role for the community in its governance.



## What we have learned overall across Care Together projects

1. Different business models are needed in regional, rural and remote areas. Co-operatives are well-aligned to these areas with strong support from a range of stakeholders who live and work in regional, rural and remote areas. Co-operative and mutual business models are most effective in areas where the usual competitive market drivers don't work. This is because co-operatives provide a legal and governance model, designed around internationally accepted co-operative principles and values. Rather than compete, this enables people to co-operate to achieve and benefit from a cooperative solution.
2. The importance of strengthening primary health care and achieving equity across Australia cannot be under-stated. This needs to be a continued and strengthened focus of PHNs. However, there is a risk with the current business model of an over-emphasis on primary health, with a perhaps unintended consequence of inadequately strengthening the social care services, many of which are community based and delivered well, contributing significantly to overall quality of life and wellbeing.
3. To advance equity in health care, PHNs need to have a broader remit that adds an additional core function of "shaping markets." This is especially important in places where current models are clearly not working. Recent Royal Commissions into aged care, the NDIS and disability services have documented this as being an area of serious concern and need for greater policy focus. PHNs are also well placed to support health services in small rural communities overcome challenges relating to economies of scale and distance through coordination and sharing of back office services.
4. A whole of population focus is needed ideally framed around the [World Health Organisation on Social Determinants of Health](#). Including social care and other preventative community-based services in scope for PHNs role in "shaping markets", has potential to open the door to more place-based funding models. This is critical for regional, rural and remote areas.
5. If PHNs are to have a meaningful role in "shaping markets," a different funding and governance model is needed. This is because if PHNs are intervening in markets to help make them more equitable and fairer, there is potential risk of or actual conflicts of interest occurring especially around the commissioning functions of PHNs. The progress that has been made with improving co-ordination in pricing for health, aged care and disability services through the [Independent Health and Aged Care Pricing Authority](#) provides a foundation for further examining how to effectively intervene in those communities where current business models are not working.



## Closing Comments

BCCM and the Care Together team would welcome the opportunity to meet with DHAC and the Primary Care/PHN branch to further discuss this submission and broader insights from other Care Together innovation projects that may be relevant to the PHN business model review.

Our key messages to the PHN Business Model Review are:

1. Promote a diversity of business models that include co-operatives because they are well suited in regional, rural and remote communities.
2. Raise awareness among PHNs about the features of co-operatives and how they operate successfully in health and social care sectors in Australia and overseas.
3. Consider adding a fourth core function to the role of PHNs which is about “shaping” broken markets.

## About BCCM

The BCCM is the national industry peak body for co-operatives and mutuals, working with governments, regulators and policymakers to ensure the Australian economic landscape is fully able to benefit from a competitive co-op and mutual movement. The [2024 National Mutual Economy Report](#) provides the latest research on the economic and social contribution of Australia’s co-operative, mutual and member-owned firms.

Through its member co-ops and mutuals, the BCCM represents 11 million individuals and 160,000 businesses.

The BCCM has supported new co-operatives and mutuals to form in a range of sectors and is a member of the International Co-operative Alliance (ICA) with access to world-wide networks. 2025 is International Year of Cooperatives.

## Contact



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