



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**BILLS**

**National Health Amendment  
(Pharmaceutical Benefits) Bill 2014**

**Second Reading**

**SPEECH**

**Tuesday, 15 July 2014**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

---

## SPEECH

**Date** Tuesday, 15 July 2014  
**Page** 8033  
**Questioner**  
**Speaker** Neumann, Shayne, MP

**Source** House  
**Proof** No  
**Responder**  
**Question No.**

**Mr NEUMANN** (Blair) (19:32): I speak in relation to the National Health Amendment (Pharmaceutical Benefits) Bill 2014. I do not often read the second reading speeches of government ministers, but I thought I would have a bit of a look at this one from the Minister for Health and Minister for Sport. He went on and on about how the Pharmaceutical Benefits Scheme needs to be sustainable, the cost, how much it is going to be and what are we going to do. Then I went right back to the end of his speech. I thought the savings, the \$1.3 billion in savings, would of course be going into making the PBS sustainable by going into consolidated revenue and into the health budget. But no. It does not. In fact the money, the savings, '...will contribute to the \$20 billion capital-protected Medical Research Future Fund.' So we are making savings here—\$1.3 billion, allegedly, because the Pharmaceutical Benefits Scheme in this country is not sustainable and the government will not even put the savings back into the PBS. They will stick it in some future medical research fund so that those who are sick today will pay for the sickness of the future. It is extraordinary for members of the government and in particular the backbenchers from regional, rural and marginal seats to get up and talk about the unsustainability of the PBS and not to acknowledge that the money is not actually going into the PBS. It is going into this Medical Research Future Fund. Don't come in here and give us lectures about debt and deficit when by their decisions and assumptions they added \$68 billion to the debt and deficit in this country at the end of last year. In the 2013-14 financial year, under this mob opposite who are in government, the deficit is \$18.8 billion worse than it was under Labor. That is the reality; look at the PEFO and look at the budget. And this year it is worse under the coalition than it would have been under a Labor government. Look at the PEFO and look at the budget. Have a look at that, and then you will see the truth. If the money was so needed to reduce debt and deficit, why is it going into a research fund? They argue that black is white and white is black in relation to this.

Before the federal election, the then opposition leader, now Prime Minister, must have been a bit worried about people's concerns for him and about him; about what he would do if he became the Prime Minister. We saw on 2 September 2013 at the National Press Club, on 5 September in a discussion he had on ABC radio and on election eve at the Penrith football stadium his comments that there were to be no cuts to education, no changes to pensions, no cuts to the ABC or to SBS, no change to the GST and no cuts to health. He ruled them out. No changes to health—it would not cost more. No changes to hospitals and no changes to health. That is what he said before the election. You would have to speculate that the coalition's polling showed that the Australian public were concerned about him. He said that their taxes would be lower under a coalition government than it would be under Labor. He said there would be no taxation increases without an election. He said that as an absolute principle of democracy that the government should not say one thing before the election and do another thing afterwards. It all seemed too good to be true, and it was. The May budget showed clearly that it was, because there is broken promise after broken promise and betrayal after betrayal. The legislation before the chamber is yet another broken promise and betrayal. It must be seen in the context of what they are doing elsewhere; that is what they are doing in terms of health generally. We have the \$7 GP tax that they want to charge people. In my electorate of Blair in south-east Queensland, there were 838,244 bulk-billed GP services last year. If the co-payment came in, it would see people in my electorate pay another \$6.5 million extra in tax every year. The West Moreton Hospital and Health Service, which provides the majority of health services in my electorate—and does a great job by the way—would suffer as well. Despite a growing population, the service would soon have to make do with less.

By 2017-18 with this mob opposite—the government purports to want more funding in health and claim nine per cent, nine per cent, nine per cent; we are sick and tired of hearing it—the West Moreton Hospital and Health Service would be, on the figures that we have seen, \$6.749 million worse off than if Labor had won and the national agreements in relation to health service in funding from the Commonwealth had the been gone through and committed. Even the Queensland LNP Treasurer, Tim Nicholls, said, 'Emergency patients in Queensland will be hardest hit hardest hit by these cuts'. This is what he said on Sky Newson 15 May 2014:

You would have to wait longer to get treatment at a hospital because we wouldn't be able to have as many doctors or nurses on hand to be able to treat people, so it might mean longer waiting times for treatment when you turn up and present at a public hospital.

The bill before this chamber is part of a whole package that make it harder for people to get good health services. It seeks to raise the cost to Australians of health services. From 1 January 2015 Australians will pay more for pharmaceutical benefit medicines than they did before. The PBS co-payment for both general and concessional payments will be increased by 13 per cent. It is a massive tax hike in reality. It is a \$1.3 billion slug on people who need PBS medicines.

From January 2015 general patients will pay an extra \$5 for a PBS prescription, moving the cost up to \$42.70. Concessional patients will pay an extra 80c up to \$6.90. Not content with that, of course, we have seen that the Prime Minister and the Treasurer want to increase the PBS safety net thresholds. Australian families will pay more for their scripts, they will pay more out of their pockets, and they will get less relief from the safety net of the PBS. For concessional patients the PBS safety net threshold will increase by two prescriptions per year. For general patients the threshold will increase by 10 per cent each year above the CPI for the four years from 2015 to 2018.

The government's modelling underscores the impact this will have on people with high medicine needs. In 2015 under a Labor government a general patient would have spent \$1,451 before they reached the PBS safety net. Under the coalition, general patients will need to spend \$1,597.80—about \$145 more—to reach the threshold before they get concessional relief. In 2016 they will pay \$312.10 more. In 2017 they will pay \$504.70 more. In 2018 under Labor the general PBS safety net threshold would have been \$1,562. Under the coalition it will be \$2,287.90. So general patients will be paying a whopping \$725.30 extra each year to reach the threshold. Those opposite in government think this is all very small change. But for a family, it is not. For those people with high medicine needs, it is not. It is a great impost on them.

Concessional payment patients will be sluggish, too. In 2015 under Labor concessional patients would have paid \$366 or 60 scripts to reach the concessional PBS safety net. In 2015 under the coalition government it will be 62 prescriptions and an extra \$61.90. In 2016, it will be 64 scripts, an extra \$82.40. In 2017 it will be 66 prescriptions, an extra \$97.80. In 2018 under the coalition governments concessional patients will pay for 68 scripts before they get any assistance. It will be about \$114 more just to reach the PBS safety net than it would have been under Labor. This is for the weakest, the most sick and the most vulnerable people in our community. This is a broken promise which puts severe financial pressure on those who are chronically unwell, who are already often struggling to make ends meet.

The Prime Minister is no stranger to broken promises, particularly in relation to safety nets. Remember that in the 2004 federal election campaign he claimed there would be an 'absolutely rock solid, ironclad commitment' not to change the Medicare safety net and, after the election, as part of the re-elected Howard government, he did just the opposite. So they have a bit of form when it comes to this issue. On this side of the chamber we say that this \$1.3 billion slug will hurt every Australian.

The COAG Reform Council does a lot of good work. It has been holding governments to account on both sides. But, once again, it is a casualty of the cuts. It did a lot of good work in relation to Closing the Gap and holding governments to account. The COAG Reform Council is a victim of deep cuts in the budget and it ceased operations on 30 June 2014. Their report, *Healthcare in Australia 2012-13: five years of performance*, found that in 2012-13 8.5 per cent of people delayed or did not fill a prescription given to them by their GP due to cost. If those opposite do not believe that price matters, they do not believe in markets. We know that they do not believe in markets when it comes to pricing carbon, because they want a command-economy style, Stalinist solution on climate change whereas we on this side want a market based solution. We know in their heart of hearts—and the budget papers reveal—that they do believe there is a price impact and there is elasticity in the markets in relation to this issue. Publicly they will not say that and they will not admit it, but we know that the budget papers reveal it. That report revealed in the most socioeconomically disadvantaged areas the impact on people delaying or not filling out a prescription rose to 12.4 per cent. As shadow minister for Indigenous affairs it does worry me that that report actually showed that with respect to Indigenous people it was a staggering 36.6 per cent.

I have gone around the country and spoken to many health services and I know that the government's policies will have an adverse impact on the community-controlled health sector, particularly the Indigenous community-

controlled health sector. The government have been running around the countryside saying that what they have been doing is just reducing red tape and inefficiency—a bureaucratic reduction—in health. But that is not true. Have a conversation with Don MacAskill, the CEO of Awabakal Newcastle Aboriginal Co-operative Ltd, which does a great health service in the Newcastle-Hunter region; Stella Taylor-Johnson, the CEO of Kambu Health Services in the Ipswich and west Moreton region; Adrian Carson, the CEO of the Institute for Urban Indigenous Health in Brisbane; or Jill Gallagher from VACCHO. They all say the same thing: that changes like the ones in this bill before the chamber will have an adverse impact on Indigenous people and cuts in the budget to Indigenous preventative health programs, like the Tackling Smoking and Promoting Healthy Lifestyles Program—about \$130 million in cuts—will mean that Aboriginal medical health services will be forced to absorb the \$7 GP tax. You can see in the services these organisations render to Aboriginal and Torres Strait Islander people that the PBS implications are vast as well.

So because of this budget—and this bill is in the framework of the whole budget—we are going to see Aboriginal health services having to use block funding that would otherwise be used for effective preventative health and health education programs to absorb the huge impact of the GP tax and we are going to see Aboriginal and Torres Strait Islander people around the country delaying taking their prescription or not doing it at all. That will be because of the legislation that is before the chamber right now. It is a shame, a tragedy and a disgrace. The coalition say they want to close the gap and the Prime Minister wants to be the Prime Minister for Indigenous affairs, but the legislation before the chamber will not bring that about. It will widen the gap in terms of health outcomes between Aboriginal and non-Aboriginal Australians.