



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 8045
Questioner
Speaker Zappia, Tony, MP

Source House
Proof No
Responder
Question No.

Mr ZAPPIA (Makin) (20:30): I begin by commending the member for Wills for his contribution to this debate because I believe he summed up many of the issues very, very well. This is a bill that effectively raises \$1.3 billion for the government by increasing the costs of pharmaceuticals for the people of Australia. In fact, the cost of pharmaceutical co-payments for mainstream Australia will go up by \$5 to \$42.70 and by 80c to \$6.90 for concession holders from 1 January 2015.

If these measures were brought into the House and imposed by the government in isolation of all the other measures that the government is bringing in in respect of the costs of health care in this country then one might well be able to justify them in one way or another. But the reality is that these measures increasing the cost of pharmaceuticals to the people of Australia are in addition to a list of other cuts made by this government to health service provision in this country.

There are a couple of other matters that I want to speak about before I get to the substance of this bill. The justification being used by the government with respect to the increases in the costs of health care for Australians is that our healthcare costs are unsustainable. We heard today in question time the Minister for Health on more than one occasion go to the dispatch box and talk about how the health costs of the nation are simply unsustainable. He quoted a couple of reports that were commissioned by the previous government to support his argument. But then, on the other hand, we have the other narrative—the one referred to by the member for Wills when he was referring to the Prime Minister's comments about how we have a budget emergency and therefore need to increase the cost of health care for the Australian people to balance the budget.

There are a couple of matters which I will go to with respect to both of those arguments. The first one is that if it is a matter of balancing the budget then why are these costs not in fact going to the budget but instead going to the Medical Research Future Fund? The argument that it is about balancing the budget and that therefore we need to impose the additional costs simply does not add up. Simultaneously, if it is about health costs, the argument still does not stack up. One of the very disappointing aspects to the argument that this is all about trying to maintain and contain the health costs of the nation is that the government inevitably points the finger at older generations of Australians—people who are retired. We hear constantly the theme about how we are faced with an ageing population and how our health costs are rising. They are almost saying to the people of Australia, 'It is all because of the older people of this country.' It is a claim that is simply not true. Quite frankly, it is a claim that is insulting to the older people of this country, who have not only paid their taxes but are not necessarily the cause of all the increases in costs in health care across the country. It is also demoralising to them. Indeed, I have spoken to several of the older people in my electorate who feel the insult and have raised it with me.

On top of that, the government says, 'Because of the ageing population of this country and how people are living longer and the additional burden on society in the way of pensions and health costs, we are going to push up the age of retirement from 67 to 70.' That in itself will mean that people will be paying taxes for a much longer period of their lives. You would have thought that that alone would have been enough to justify and offset any additional cost that older people might impose on the health system—the mere fact that they are likely to be working longer and therefore paying more taxes.

I reject both those arguments. I simply highlight that in order to justify these measures the government is trying to cling to the arguments that (a) we need to balance the budget and (b) the health system is unsustainable, and it is using examples and arguments that simply do not add up.

I started off by talking about how perhaps these measures would be bearable if they were in isolation and this was the only health impact that was occurring across the country. The reality is that it is not. You can go through the budget of the Abbott government that was handed down in May and see that it is not only a budget of broken promises. If they are not broken promises, they are decisions made without telling the Australian people last

September that they would be made. In other words, it is deception by simply saying nothing to the Australian people about what you really intend to do if you get elected.

I will start with the cuts to the dementia program. The behaviours supplement paid to residential care providers is going to be cut by \$16 a day. The \$16 a day from that supplement adds up to \$5,840 a year. This is not a few dollars. This is not even a few hundred dollars. We are talking about almost \$6,000 a year of cuts in respect of this one single area alone. I can tell you that it does matter. A constituent in my electorate came to my office to talk to me about how this cut is going to impact on the health care of his family. He does not believe that he can find the additional \$6,000 he will have to find in order to cover the cuts that have been made. He cares for his wife, who has dementia. I am sure he is not alone. As I said, we are talking of cuts that to him are worth almost \$6,000.

Then we go to private health insurance premiums. Under this government we saw a 6.2 per cent increase only recently. Again, it is higher than we had seen for the past four or five years. That is a cost that families will also have to bear and wear as a result of this government's policies. On top of that there are things like the \$7 GP co-payment. The \$7 GP co-payment goes hand in hand with the increase in the cost of pharmaceuticals, because inevitably if someone goes to a doctor there is a very high likelihood they will come out with a prescription. So it is not just the \$7. There is then the additional cost of \$5 for the prescription, so it becomes \$12. In a family of four in which mum and dad and the two kids all come down with flu in the winter, as is often the case, chances are you will be looking at the cost four times over, because each one will have to go to the doctor or to the hospital.

The statistics are quite clear. People will not go to a doctor as often if they have to pay more money, or they will indeed not purchase the pharmaceuticals, the very medicines they need, if it is going to cost them more money. They will make choices about whether they think they can afford it. The problem with that is that it does not save them costs and it does not save the nation costs, because inevitably they become more sick. When their health deteriorates even further the ultimate cost adds up to a lot more. Indeed, if they end up in hospital we are then talking about thousands of dollars being imposed on the community, as opposed to perhaps the \$10 or \$20 they tried to save by not going to the doctor. This is why it is indeed a false saving to increase the cost of a doctor's service, or the cost of a medicine or an X-ray, because that will save the taxpayers so many dollars. It might on day one, but in the long term it will add to the cost of health care for the nation.

We are getting evidence about this, not just from this side of politics, but indeed we are hearing that theme time and time again from right across the medical profession. The people who understand best are telling us that by increasing the cost of health care we are actually driving up the health costs of the nation. Interestingly, I cannot recall once the Minister for Health quoting the medical sector in order to justify the increased costs we are seeing right across the board.

We then go to the cost to the dental health programs of this country—a cost that I understand is \$634 million—which includes cuts to both direct dental care, to the training of dentists and also to the delivery of public adult dental services. My understanding is that there are \$390 million of cuts to public adult dental services, \$229 million dedicated to dental infrastructure will be cut, and there will also be some \$15 million of cuts to training dentists.

Again, any health expert will tell you that, if because of these cuts people will not care to look after their teeth, ultimately it will lead to other medical problems. So, again, it is a false saving, where you cut a few dollars here and ultimately end up paying a lot more because people, as a result of perhaps having poor teeth, end up with other medical problems, which in turn means that the health costs escalate, and in many cases they may well end up in hospital again. It is a false saving.

I now go to the \$3 million of cuts to the National Tobacco Strategy. I do not think any member of the House would disagree with the general medical view that smoking causes health problems. I would have thought that prevention is better than cure, an argument put very strongly by the member for Wills, and that if you spend \$3 million on a prevention strategy it will ultimately save you a lot more than that in health costs. But, again, this government does not seem to see that, the reason being that the cuts and the savings will be short term and will enable the government to perhaps go to the next election, before the additional health costs set in, and say, 'Look what we have done. We have brought down the budget.' But in the long term they, or whoever is in government, will pay dearly for it, as will the Australian people.

We also saw \$142 million in cuts to the Health Workforce Programs by the abolition of Health Workforce Australia. Again, it is a false saving. Well trained medical professionals are likely to give the best care, which in turn again means that you will save health costs in the long run.

There is simply one cut after the other, which ultimately leads me back to the point I started with—namely, that these measures simply add to the cost of health care across the country. This was confirmed by researchers at the University of Sydney. I will quote some examples they have given. A young family of four with two children aged under 16 and parents aged from 25 to 44 years would expect to pay an average of \$170 in co-payments for GP visits and tests, and \$14 for medications, which equals \$184 more each year as a result of changes made by this government. This is only for some of the changes. As a result of these changes, a self-funded retired couple aged 65 years or more would expect to pay an average of \$244 more per year in health costs, and an older couple who are pensioners and are aged over 65 years would pay about \$199 a year more in health costs. I suspect that those calculations take into account only some of the changes I referred to earlier.

These changes will drive people to go to public hospitals more so than going to their local GP and paying for their own pharmaceuticals. The problem with this is that when people go to public hospitals the cost per head becomes much higher than if they had been treated at their local GP service. In my own state, where some \$650 million has been cut from hospital payments, I know that it will make a difference.

I can recall the member for Boothby, on the day the state budget was handed down, talking about the cuts that had to be made by the state government as a result of this government's direct cuts to the states in health, and saying how terrible the state government was. He was not prepared to stand up for the people of his electorate and say, 'This is the result of the federal government making cuts to the states.' Every time you cut health funding to the states they have no choice but to either cut services or increase their own costs. This is nothing but another way of pushing the cost onto someone else—in this case the state government—because the state governments have to pick up the costs of people going to public hospitals.

This measure is going to hurt the people who can least afford it—pensioners, people who are unemployed and people on low incomes. This side of the House will not be supporting it. Certainly I will not be.