



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

**HEALTH LEGISLATION AMENDMENT
(HEALTH CARE AGREEMENTS) BILL 1998**

Second Reading

SPEECH

Wednesday, 25 March 1998

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Macklin, Jenny, MP

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Ms MACKLIN (Jagajaga) (6.48 pm)—I would say to the previous speaker, the honourable member for Mallee (Mr Forrest), who was suggesting that it was only members of the opposition who are claiming that there is a crisis in Australia's health system, that he really needs to look no further than the state premiers, most of whom are of course on his side of politics. I understand that premiers Borbidge, Kennett and Carr are all threatening to run ads against the Howard government because of the offer that has been made to the states in relation to the Medicare agreement. So much for it being only a matter for the opposition.

I might also remind the previous speaker of the comments made by the Victorian Premier on Friday on his way up to Canberra. Before he came into the Premiers Conference he made his views very clear on what has been going on in Australia, particularly as far as the elderly are concerned. He said that this Howard government was driving the elderly 'witless'. That was the expression used by the Victorian Premier. That is what he thinks this Howard government has done. Of course, what he is concerned about is that, if this Medicare offer remains as it is, it will be the elderly in Victoria who will not just pay through their pockets for essential nursing home care but who will also pay because they will not get the access they need to public hospitals.

I would agree with the previous speaker that the services provided by our public hospitals are outstanding. They are of an outstanding quality. That said, however, we do have to recognise that there is a significant increase in demand being created, for good purpose, for public hospital services. I will say a little bit more about that in a minute.

I would say, both to the Commonwealth and to the states, that it is time that both sides stopped screaming at each other and saw that their obligation was to make sure that we do have a decent Medicare agreement that can meet what are real needs out there in the community—needs that are created by a variety of forces.

The Howard government might not think that there is a crisis in health care but one does not have to go much further than my own electorate to see the seriousness of the situation that many public hospitals are facing in this country. In today's *Age* we have the details of the problems facing the Austin Repatriation Medical Centre, which, as it happens, is the second largest hospital—a major teaching hospital—in Victoria and a significant hospital for the nation. Just this week a \$7 million emergency package had to be paid to prevent the Austin Repat—the second biggest hospital in Melbourne—from closing its doors. That is how serious the funding situation is.

They have just received from the state government this \$7 million emergency package, which I understand will fund, in part, up to 150 redundancies. I would like to know how many beds will have to be closed at that hospital and how many patients will have to be turned away because that hospital will have 150 fewer staff.

Over the last little while there has been a significant reduction in the reserves of the Austin Repat. I understand that in June 1996 they had \$25 million net cash on hand; by June 1997, that was down to \$17 million; in January this year, it was down to \$2.8 million; and they are projecting that they will be well into the negative by the end of this financial year. As I said, they have had to borrow from the health department just to keep the door open. This run-down in cash reserves means that this hospital has had to use money that had been properly set aside in the past for superannuation payments, long service leave payments and annual leave payments. This is a very serious state of affairs.

As with the rest of our public hospitals, we cannot continue to have the needs of the public met if the state government and the federal government do not put in the money that is needed to keep the doors open, to keep the doctors and nurses working and to make sure that patients are treated.

As the article in today's *Age* says, the chief executive of the hospital acknowledges that more job losses are inevitable. I understand consultants have been called in to sell off much of the hospital's \$10 million property portfolio. More broadly, in terms of Victoria's public hospitals, the state's Auditor-General has said that the collective cash reserves of Victoria's public hospitals have plummeted from \$80 million to just \$5 million in the

past five years. So it is a very serious state of affairs that Victoria's public hospitals find themselves in. I do not think it does either the Commonwealth or the states any good trying to act as if this problem does not exist. It is a serious problem. Fixing it requires leadership by the Prime Minister (Mr Howard) and the premiers. It will not be fixed without adequate funding.

I was involved to some degree in the negotiation of the last Medicare agreement. I am very familiar with the figures that went into the detailed negotiations in the lead-up to the last agreement. The Commonwealth certainly put a lot more money in to ensure that public hospitals would receive increased funding as a result of the last agreement. From the data that has been provided to me from the states—I have also seen the material that the Minister for Health and Family Services (Dr Wooldridge) has put out—it is very clear that, particularly in the first year of the agreement that is in operation until the end of June this year, some states, particularly Victoria, did reduce their funding to public hospitals very dramatically. However, I gather that since that time the states overall have increased that funding.

Whatever the situation has been over the life of the last agreement, however, we do have to recognise that there has been a very significant increase in demand for public hospital services. The reasons for this seem largely to be driven by new techniques, new things that doctors and other health professionals are finding to improve our health, new technology enabling new and better ways to improve our health. These are good reasons, very positive reasons, to be increasing our health funding, because they are about increasing the health of people in this country. It is a good thing. I would have thought every member of parliament would say that it is positive to spend money on ways to make sure that we can remain healthy and participate actively in society.

There are also other reasons: we are an ageing community, there is population growth and there is the effect of the reduction in private health insurance. All of these are part of the explanation for the increase in demand for public hospital services. So it is not good enough for the government to say no, as the minister for health has so dramatically said on the front page of today's *Age*.

Interestingly enough, that was not the minister for health's view when he went on the *7.30 Report* just a couple of weeks ago. He said then that he recognised the increasing demand for public hospital services. He said:

It's happening all around the world. Our population is getting older, we've got new technology, we can do new and better things to keep people alive, and you can't do that just with the rate of inflation.

So at some level the minister for health does recognise that there are new and better ways to do things and that it costs money to do them. Why he is now saying no so loudly to our public hospitals has to make us wonder.

If we are serious about having a Medicare agreement, it does mean that public hospital care has to be available to those who need it. That is what the Medicare promise is all about: if you need to go into a public hospital, the bed will be available to you when you need it.

Mr Forrest—It is!

Ms MACKLIN—That just is not the case. The second biggest hospital in Melbourne almost had to close its doors. Day after day I get complaints in my electorate office about people waiting all night in the emergency department because there is no bed for them. Victorian hospitals are in a state of crisis and their situation cannot be ignored by this federal minister. He cannot just pass the blame to somebody else. If he is serious about his commitment to Medicare, about the promise of Medicare actually meaning that people can get access to public hospital care when they need it, then it will require a more substantial offer than the one that is on the table at the moment.

We on the Labor side of politics are intensely proud of Medicare. We are intensely proud of the promise that we delivered in 1984 that all Australians would have access to public hospital care when they needed it. We do not believe that it is a good thing to go back to a situation where people were, in the main, privately insured, where that was the dominant system. We do not want to go back to that type of health system, because we know what it means. What it means is that there will be millions of Australians without any health insurance. It would mean that there would be millions of Australians who could not get access to public hospital care when they needed it. So it is a very serious matter that we confront here today.

What the Commonwealth also has to be honest about is what it has actually done since it has come into government. What this Liberal-National Party has done to public hospitals is very serious. It is not the case that

they are just making this \$2.9 billion offer on top of the old agreement as if they had done nothing over the last two federal budgets. That is not the case. In the 1996 budget, we saw this federal government take \$800 million out of the public hospitals budget. We saw \$400 million taken out and the dental program abolished, and the responsibility of that has gone back to the states. The indirect effect on the states, as Premier Kennett has so eloquently—if you would like to put it that way—put it is 'driving the elderly witless'. The indirect costs of the aged care changes of this government are \$500 million. So the costs are: \$800 million, \$400 million in hospital and dental, and indirect costs of \$500 million as a result of the aged care changes.

Where do these elderly people stay if they cannot get into a nursing home because they cannot pay the fees? What is happening around Australia is that they are staying in public hospitals. Once again, the Victorian health minister has made his position very clear to the federal health minister that it is now the states that are bearing the brunt of the aged care changes because people are staying in state public hospitals.

So the federal health minister says that he is putting in \$2.9 billion, but it does not look like very much once you take into account the cuts to public hospitals, the cuts to dental services and the cuts to aged care. We also hear from the Commonwealth that as part of this \$2.9 billion there is, I understand, some \$479 million that is going to mental health and palliative care—two very important parts of the Medicare agreement. However, when you look at the detail you find that this is money that is just replacing that which has been there in the past. So that is not an increase at all. No wonder the states knocked the offer back. It is not a sufficient offer. It does not replace adequately the money that has been taken out by this federal government, particularly when looked at in combination with the increase in demand.

Of course, the Prime Minister has some form when it comes to negotiating agreements with premiers. We were going back through all the different pieces of paper actually looking for different quotes that the Prime Minister had made at different times on Medicare. We have heard some different comments from previous speakers from the government benches about their new found commitment to Medicare. But when you look at the previous things that have been said, particularly by the Prime Minister, you would understand why we are a little doubtful about the commitment of this government. These statements are not put gently or circuitously. The Prime Minister has said in the past:

Medicare has been an unmitigated disaster. Radical surgery would need to be performed on Medicare. We'll pull it—

meaning Medicare—

right apart.

In 1987 he said:

The government—

he meant Labor—

should have taken the knife to Medicare, should have taken the knife to the expensive failed Medicare.

That was the current Prime Minister's view about Medicare back in 1987. It has taken him 10 years to get the knife sharpened for Medicare, and he is doing a jolly good job now that he has access to the government benches. He certainly is taking the knife to Medicare and it is Australian patients that are paying the price. As I said, this Prime Minister also has form, as it says in this document, going back to his time as Treasurer. The heading is 'The dudding of the premiers'. It says:

One of the most bizarre episodes in Australian politics occurred in May 1981 when information was leaked after the Premiers Conference to the effect that the Commonwealth would have been prepared to raise its offer if pushed.

This, of course, produced a stinging retort from the Premier of Western Australia of the day, who said:

Premiers Conferences are not a game of bluff poker in which the biggest cheat gets the most money.

He too, like the current Premier of Victoria, had a good way with words. Mr Howard said:

The decision was, in hindsight, an error.

I'll say it was. This Prime Minister obviously has form when it comes to Premiers Conferences. He certainly has been unable to negotiate a decent agreement on behalf of the patients of Australia. We cannot have any faith that this government is going to be able to negotiate a decent Medicare agreement. They have been unable to negotiate a decent disability agreement or a decent housing agreement. Now when it comes to the biggest agreement of all we see the premiers walk out. We have seen the premiers walk away from an offer because they do not believe that they would be able to run their public hospitals on the offer that has been made available.

Just think how much better it would have been if the \$1.7 billion that has been put down the drain by this government into private health insurance had actually gone to patient care, had actually been made available to public hospitals so that patients could be treated. That is what we need to see from this government: a serious commitment to Medicare, not them playing around with private health insurance rebates which anybody who knows anything about health would have known would be a complete waste of money.

Everybody in the health sector, except those who are self-interested, knows that private health insurance rebates will not work. Almost everybody predicted that the price of private health insurance would go up; everybody except the Prime Minister and the Minister for Health and Family Services knew that this would happen. It has been money down the drain. If only that money could now be redirected to the needs of public hospitals, but no doubt this Prime Minister will not do that. We do need a new agreement. We need it very quickly to make sure that we do not continue to have a situation where public hospitals are facing the prospect of having to close their doors or have their emergency departments put on bypass. (*Time expired*)