



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Private Health Insurance
Amendment Bill (No. 1) 2014**

Second Reading

SPEECH

Monday, 27 October 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Neumann, Shayne, MP

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Mr NEUMANN (Blair) (20:42): I speak in relation to the Private Health Insurance Amendment Bill (No. 1) 2014. It gives me the opportunity, as other members have, to talk about health generally and also in relation to the budget and private health insurance specifically. This particular bill before the chamber seeks to pause indexation on income thresholds in the Private Health Insurance Act at 2014-15 rates for a period of three years. These income thresholds determine the tiers for the Medicare levy surcharge and the Australian government rebate on private health insurance. Pausing indexation will see some people, whose incomes were marginally below those income thresholds, move ever so slightly up and find themselves likely to be in a higher income tier as their income increases and find themselves caught accordingly. Some who do not have private health insurance may find themselves liable to pay the Medicare levy surcharge.

According to the budget papers this will save the government \$599.3 million over the forward estimates. Unless anyone listening thinks, 'Oh, that's a good idea—we will put that towards Medicare or the universality of the health system and make sure that low- and middle-income earners get access to that sort of help immediately to make sure we tackle our chronic disease rates, obesity, stroke and other serious problems confronting the health and welfare of Australians,' it is not going to be the case. In fact, it is not going there. Like an episode of *The Hollowmen*, it is going towards the medical research fund. Not that medical research is not a good thing, and Labor had an enviable record when in government—and I will talk about what we did in relation to medical research. But this is a disgraceful attitude taken by this government to not reinvest these savings into the health system.

We support and have always supported sensible, fair and equitable health savings. It is important that we have done so. I have only been in this parliament three terms, but I can recall that some of the most ferocious arguments we have had in this place have been in relation to health issues, particularly private health insurance. I remember our decision in 2012 to means-test the private health insurance rebate in this country, a decision which achieved a sensible saving of about \$3 billion. It was flatly rejected by the coalition, who would not have a bar of it. I notice in government they are not too keen to reverse that decision. They have put it on the backburner or somewhere in the fridge. But in opposition, they carried and they carried on. They shrieked class warfare. I remember the then health spokesperson, the member for Dickson, going on and on about it. In March 2012, he accused us of class warfare by attempting to means-test the private health insurance rebate. The member for Bowman, a fellow Queenslander, actually described it in the *Hansard* on 14 February 2012 as 'a direct attack on Australia' and that the Labor Party 'perennially hates people who have private health insurance'. You could not get more shrill than that.

The Liberal Party are never afraid to overegg the scaremongering. They produced a fact sheet, which I thought was quite amusing, during the campaign which was authorised by the Liberal Party federal director Brian Loughnane. It predicted nothing less than the collapse of the health insurance industry should the rebate be means-tested. Their fact sheet warned that in the first year of means-testing 175,000 people would drop their insurance and a further 583,000 would downgrade. And they claimed that over five years 1.6 million would drop their coverage and a further 4.3 million would downgrade their coverage. This particular fact sheet rambled on and on, and proposed that Labor was basically declaring war on the health of the country.

If only the Liberal and National candidates could have seen in May this year what the budget was going to do in relation to health issues, I am sure they would not have peddled that fact sheet around the place too often. We have seen the \$7 GP co-payment—and we have seen more than that, by the way. We have seen the Australian Diagnostic Imaging Association point out that we not only have a GP tax; we have a pathology tax, a diagnostic imaging tax, an MRI tax. It is going to cost people an enormous amount, not just the \$7 the minister and the Prime Minister keep talking about. According to the Australian Diagnostic Imaging Association, patients will pay \$90 up-front for every X-ray, \$380 for every CAT scan, up to \$160 for every mammogram, \$190 for every ultrasound and so on and so forth.

Unless we think that those opposite are really committed to the health and welfare of the country, they have actually made it harder for people to get tested and treated, on this is on top of the cruel cuts in so many areas. Of course, they are trying to make the states and territories pay more and more for the health of Australians, in particular the residents of states and territories, by cost-shifting and by cutting \$50 billion from public hospital funding in the years ahead. That is what the budget papers show. I know that they do not want you talking about it, but it is actually in the budget. I wish more and more of those people in the government look at their own budget papers then they would not bemoan the fact that we keep raising the statistics because they are actually in the budget papers.

When we were in government, the then opposition health spokesperson described means-testing of the private health insurance rebate as 'a betrayal of 12 million Australians who could contribute to their own health care'. You do not hear too much about when they are going to bring this back, but they did say before the election on 15 September 2012 that they would bring back non-means-testing arrangements as soon as they could. They gave themselves a fair bit of wriggle room in that promise. They are going to restore the private health insurance rebate, they think, at a cost of billions of dollars to the budget. No-one really believes what they have to say. We see that Medibank Private said in *The Sydney Morning Herald* on 25 January 2014 that they cannot see that it is going to happen, certainly not in this term or the next terms, that reversal of that decision. Mark Fitzgibbon, the chief executive of NIB, said he 'absolutely' expects the Abbott government to not repeal that reform. These were scare campaigns by the coalition in relation to private health insurance. It was bunkum. It was scaremongering. It was a political scare campaign that they really did not believe in and I do not really believe either.

The insurance industry, as far as I am aware, is not banging down the minister's door to repeal means-testing. The truth is that since Labor introduced means-testing, the number of Australians with some form of health insurance is now higher than ever. Research by the Macquarie Bank shows that Labor's introduction of means-testing of the private health insurance rebate increased the cost of insurance by an average of 43 per cent for the richest 20 per cent of policyholders in the country. We made a sensible, targeted health saving there that saved taxpayers billions of dollars which is in contrast to the attitude taken by the government. They claim that Labor have never supported sensible savings; however, we certainly did when we were in government in relation to that.

Before the election, the coalition said, 'no cuts to education, no cuts to health, no change to pensions, no change to the GST'—that seems to have gone by the wayside—and 'no cuts to the ABC or SBS'. Those words are shaky if not broken—those commitments made by the Prime Minister just before the election. There are cuts of \$50 billion from the public health system. In my electorate, the majority of public health services are provided by the West Moreton Health and Hospital Service. The Abbott government's budget cuts would leave my community health service \$6.75 billion worse off by 2017-18 than if Labor had been in power. The health service will have to do more with less and that is despite the fact that the demographic predictions in the West Moreton region show that there will be an increase in population of 90 per cent by 2031, despite the serious and systematic health problems identified by West Moreton-Oxley Medicare Local in its most recent comprehensive needs assessment for the region and despite the chaos caused by the Abbott government's abolishment of the Medicare Locals will bring another broken promise. The government does not have the courage to say that these are cuts when in fact they are. Queensland Treasurer Tim Nicholls does not believe that spin. He knows that Queensland hospitals will be hard hit by the Abbott government's cuts. On 15 May 2014, he told *Sky News*, referring to Queensland:

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 treat people, so it might mean longer waiting times for treatment when you turn up and present at a public hospital.

I do not always agree with the Queensland Treasurer but on this occasion I do. So according to the Queensland LNP Treasurer, the Abbott government cuts will mean fewer doctors and nurses in Queensland hospitals and longer waiting times. Sometimes in politics even the LNP get it right. These cuts are on top of the \$7 GP tax, the pathology, MRI and diagnostic imaging tax. We have seen a \$1.3 billion cut that will push up the costs of many PBS medicines by up to 13 per cent and make unfair changes to the PBS safety net. This is on top of ripping up the National Partnership Agreement on Preventive Health, ripping money away from the states and other providers in an effort to combat obesity, smoking and alcohol abuse. Then there was the \$229 million cut from the dental Flexible Grants Program, deferring \$391 million including \$200 million this financial year alone. These cuts go on and on.

In their most recent report, the Institute of Health and Welfare released a report into health expenditure over the 2012-13 year and the reported health expenditure when Labor was in power was only 1.5 per cent higher than in the previous year. Government funding of health expenditure fell by almost one per cent, the first drop in a decade. The Australian Institute of Health and Welfare is showing quite clearly that the health system is not facing an unsustainability crisis in terms of wasting public expenditure. In light of that report, the President of the Australian Medical Association, Professor Brian Owler, had a blunt opinion of the current government's confected claims of crisis when he said:

The report's findings really make a mockery of the government's claim that the health spending is out of control. These figures actually show that health spending is certainly not out of control and there is absolutely no need for the government to introduce a GP co-payment.

When faced with facts the government rejects them and it did not take long for the health minister to tell the National Press Club that he did not agree with them. He claimed that:

By any objective analysis of the health system, we are tracking on an unsustainable path.

The facts have gone away from their spin and Brian Owler blew the minister out of the water when he said:

We've been fed a false narrative that spending is out of control. Healthcare spending is very much under control.

In this bill the government are seeking to save a truckload of money but are not putting it where it needs to be because they are not listening to the professionals or to the experts. They do not listen to anyone who is an expert in science or climate science or even the AMA, who are saying what we should do and where health is going in this country. At the heart of the health cuts and the legislation before the chamber is ideology because at the root of these health cuts is an attack on the universality of Medicare and an attack on the health system. It is an attempt to introduce a two-tiered system in this country where, if you are sick, the cash in your wallet is far more than your Medicare card, but what else would you expect from the Liberals? They have never really supported Medicare. They used to call it a rort all the time, like superannuation. They went to election after election after Medicare was introduced attempting to unravel universal health care. They are like their Republican colleagues in the United States.

The saving in this bill, \$599.3 million, is pausing indexation in relation to income thresholds. The government should be doing the right thing. It should be using it to improve here and now the situation for vulnerable, sick and ill Australians, but of course they are putting it into research. We are not opposed to research. We put in \$3.5 billion in health and medical research when we were in government, more than \$700 million to build and upgrade health and medical research facilities around the country. In 2012 alone we put \$850 million in funding into the National Health and Medical Research Council and allocated 1,300 grants. We are in favour of research; we are just not supportive of the government's tone and measures in relation to health.