



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

NATIONAL HEALTH AMENDMENT (PHARMACEUTICAL BENEFITS— BUDGET MEASURES) BILL 2002 [NO. 2]

Second Reading

SPEECH

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Page 24970
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Senator CHERRY (Queensland) (5.45 pm)—In announcing the decision of the Labor Party to backflip on the issue of the Pharmaceutical Benefits Scheme co-contribution, its shadow finance minister, Mr McMullan, said:

Nobody ever got elected who did not make a tough decision.

When politicians start talking about tough decisions it is always the case that someone is going to get hurt. You know when a politician starts talking about a tough decision that it is usually the poor, the sick, the unemployed or the aged who will get slugged. In this case it was all of them. It is very disappointing when you look at what the Labor Party has done. They made what was, for them, a tough decision, but for the aged, sick, poor and unemployed in Australia it is an even tougher decision which they will have to live with year in and year out, week after week. The coalition and the Labor Party stand condemned for imposing, apparently on the basis of balancing the budget, an impost on the most vulnerable in our society. They should stand condemned. There is another quote from Mr McMullan which I found fascinating. He said:

Labor continues to disagree with the measure. But we have higher priorities for the \$1.1 billion currently set aside to fund the shortfall generated by Labor's opposition to the measure.

They have higher priorities than helping the aged and the sick in our society. I look forward to seeing what that higher priority could be, for what higher priority can there be than looking after the most disadvantaged in our society? Is it going to be tax cuts? Are we going to see the ALP putting tax cuts for middle-income earners at a higher priority than dealing with the aged and the sick? It would be typical, I suppose, in some respects—when you look at Labor's long history in this area—for that to end up being where the higher priority lies. But it would be very disappointing in my view, and in the view of the Democrats, if the higher priority that Mr McMullan was talking about ends up being tax cuts for middle-income earners.

The Labor Party, as we well know, have already come forward and supported the tax cut for high-income earners—\$14.7 billion over four years for people earning higher incomes. In relation to the \$1 billion hole that came from the PBS, let me give the Labor Party a bit of advice about some of the less tough decisions they could have made to find that \$1 billion in their forward estimates. If they had pared back the tax cuts for high-income earners—lowering the top marginal tax bracket from \$80,000 to \$75,000—they would have found the \$1 billion needed to plug the hole. That would have reduced the excessive and outrageous tax cut for high-income earners from \$21 a week to \$16 a week. The Labor Party would still have plugged the hole and the aged and sick would have been okay. If the Labor Party had put that in the forward estimates they would have made a tough decision that would have been tough on high-income earners—they would only get \$16 a week rather than \$21 a week—but they would have plugged the hole in the forward estimates. Would that have lost the Labor Party votes? It may have lost a small number of votes in that area, but every opinion poll shows that 66 per cent of Australians would prefer to see money going into health and education expenditure rather than into tax cuts, particularly for the top marginal tax bracket. That would have made more sense to me. That would have been a true Labor social justice statement. Instead, we see this slugging of the poor and the sick.

I should read into the Senate *Hansard* the comments yesterday of Francis Sullivan from Catholic Health Australia. I think he sums up the problem that this has caused for the Labor Party's standing on public health issues. He said:

So much for Labor's supposed commitment to a universal health system where the lower paid and the sick are subsidised by the young and well.

Due to Labor's acquiescence low income people, the sick and chronically ill will pay up to 9% of their take home pay on medicines whereas the better off, who can afford more, will only pay up to 2%.

Labor is confusing pursuing good health policy with an expedient strategy to bring tax comfort to some at the expense of the sick and lowly paid.

As it now stands the poor and those who suffer from illness and chronic conditions no longer have a voice in the major parties.

There was another quote in the media yesterday which really jumped out at me. It was from another expert on public health matters, the Premier of Western Australia. He is a Labor premier. In the *West Australian* this morning he said:

I am disappointed in that decision and I would have liked to have seen our Commonwealth colleagues look after the battlers a bit more.

I think there will be a lot of people out in Labor land today who will be saying that. They would have liked to have seen Mr Latham, Mr McMullan and Ms Gillard look after the battlers a bit more. I think Dr Gallop is right on the money in saying that. We were expecting from the alternative government an alternative vision—a vision of where we are going to be going, of a fairer Australia where families were looked after and where the ladder of opportunity ensured that people could go from the bottom to the top of their society. Instead, the ladder of opportunity has had a couple of rungs knocked out of it today. The rungs have been knocked out for the aged and the sick in terms of getting access to affordable, quality health care.

I think Mr Latham will suffer a real message about this in coming weeks from the electorate. The electorate does not like people who do not hold to a principle. The electorate does not like people who say one thing and mean another. The electorate does not like people who engage in this extraordinary backflipping on policy. People want their politicians to believe in things. They would like to believe that the Labor Party believes in social justice, particularly for the aged, the sick and the people who are least advantaged in our community.

With this backflip we have seen the Labor Party leaving those people behind. The Democrats will be opposing this bill. The Democrats will be opposing the increase in the co-contribution. We oppose the increase in the co-contribution because it is unnecessary. As a health economics measure it is unnecessary and unneeded. It was based, as Senator Sherry pointed out when we debated this last time, on shonky modelling in the Intergenerational Report released by the Treasurer. It is based on shonky assumptions in the forward estimates about health costs rising in the future. It is based on a reluctance by the government to deal with the administrative issues from the Pharmaceutical Benefits Scheme outlined by my colleague Senator Allison.

It is true that spending on health has increased over time in Australia. In fact, according to the Australian Institute of Health and Welfare, national expenditure on health was the equivalent of 9.3 per cent of GDP in 2001-02 compared to 8.9 per cent in 1999-2000. Nevertheless, our health expenditure to GDP ratio has been found to be below the OECD average for comparable countries. Even with our per person health expenditure below that of other countries, the coalition government made sure that its share of total health expenditure fell 1.3 per cent between 1999-2000 and 2001-02. If you look specifically at the PBS, there is no reason for alarm over the government's share of Australia's total pharmaceutical costs. A recent Productivity Commission report found that the government's share of the total pharmaceuticals bill is low in comparison to other OECD countries, although the US public sector does pick up a lower percentage of drug costs than does the Australian sector. Given this government's willingness to follow in the footsteps of the US in other areas, maybe this is the template it is using. Despite all this scaremongering, the reality is that there is no unsustainable blow-out in health costs in general or in the costs of the Pharmaceutical Benefits Scheme. Nevertheless, the government continues to spin its line about needing to curtail costs, and Labor are now also saying that they have to make tough decisions about spending priorities.

It is so extraordinarily disappointing to see this decision. I wanted to believe when Mr Latham became leader that we were seeing a new type of politics where families were put first and where the least advantaged in our community were reached out to and given an opportunity to move forward. I wanted to believe that we would not see the opportunism of previous Labor Parties of engaging in a bidding war on tax cuts with the coalition. But it seems that the new politics that Mr Latham spoke about are over and the old politics are back. In the next election campaign we will see what Labor's higher priorities are and whether they will produce a reasonable health system for the poor and the aged, but I certainly would be very concerned if that higher priority turns out to be simply tax cuts, tax cuts and more tax cuts—a Dutch auction of who can appeal to the lowest common denominator in our electorate.