



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**THE SENATE**

**BILLS**

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

**Second Reading**

**SPEECH**

**Wednesday, 29 October 2014**

BY AUTHORITY OF THE SENATE

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## SPEECH

**Date** Wednesday, 29 October 2014  
**Page** 8200  
**Questioner**  
**Speaker** Nash, Sen Fiona

**Source** Senate  
**Proof** No  
**Responder**  
**Question No.**

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**Senator NASH** (New South Wales—Deputy Leader of The Nationals in the Senate and Assistant Minister for Health) (18:09): I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

*The speech read as follows—*

### PRIVATE HEALTH INSURANCE AMENDMENT BILL (NO. 1) 2014

The *Private Health Insurance Amendment Bill (No. 1) 2014* implements a measure announced in the 2014-15 Budget, and will pause the indexation arrangements for the income thresholds in the *Private Health Insurance Act 2007* for three years. The income thresholds contained in the *Private Health Insurance Act* are used in determining the tiers for both the Australian Government Rebate on private health insurance and the Medicare levy surcharge.

In this Budget, the Government increases overall spending and investment in health from \$68 billion this year, to \$71 billion next year, increasing again to \$75 billion in 2016-17, and to \$79 billion in 2017-18.

The changes contained within this legislation being introduced today are part of a broader pause in indexation rates across multiple portfolios announced in the 2014-15 Budget in an effort to help make spending sustainable and to repair the fiscal position left by the previous Labor Government.

The amendments will see the income thresholds used to determine the private health insurance rebate and Medicare levy surcharge remain unchanged for three years, paused at the 2014-15 rates in 2015-16, 2016-17 and 2017-18.

This bill preserves the explicit link between the Rebate and the Medicare Levy Surcharge. This is important as they operate together to ensure that people whose rebates are reduced because of means-testing have a strong incentive to retain their private health insurance.

It is important to note that these changes will not affect individuals with an income that remains below the 2014-15 base tier thresholds of \$90,000, or couples and families with an income that remains \$180,000 or below.

It is estimated that only 4% of the 6.2 million private health insurance policies held as at December 2013 will be affected by this measure.

The Coalition has inherited an enormous debt, and these measures are just a small part of the Government's strategy to clean up the mess that the Labor left behind.

Debate adjourned.