



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**THE SENATE**

**BILLS**

**Fairer Private Health Insurance Incentives Bill  
2012, Fairer Private Health Insurance Incentives  
(Medicare Levy Surcharge) Bill 2012, Fairer  
Private Health Insurance Incentives (Medicare  
Levy Surcharge—Fringe Benefits) Bill 2012**

**Second Reading**

**SPEECH**

**Thursday, 15 March 2012**

BY AUTHORITY OF THE SENATE

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## SPEECH

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**Speaker** McKenzie, Sen Bridget

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**Senator McKENZIE** (Victoria) (17:19): I too rise to speak on the Fairer Private Health Insurance Incentives Bill 2012 and related bills. I note and share Senator Sinodinis's disillusionment, and I am sure all coalition senators have shared it as we have debated these bills in the Senate over the last couple of days. The minister, when introducing these bills in the House of Representatives, said that this was going to lead to a fairer and more sustainable health system. That is just a misnomer. There is nothing fair, or equitable or sustainable for the health system and for those using it in this nation. Our health system is the envy of the world. Everything that we need to be doing in this place and in our states is to focus on ensuring that that stays the case.

The government is planning to means test the private health insurance rebates and, at the same time, approve a premium rise. Families are already doing it tough in these hard economic times. These are families who, in a few short months, will be facing the effects of a carbon tax which will be, as Senator Sinodinis said, cascading right through our economy—from our primary producers producing our milk, to the tankers picking it up and delivering it to the milk processors in the regions, right the way through to the refrigerators that are refrigerating it on its way to the nearest supermarket in our capital cities. All the way through, that supply chain will be bearing an extra cost.

It is not fair at all that hardworking families in regional areas and right across our nation who have taken the tough decision to take out healthcare cover are now going to be slugged for the privilege. In 2009 the then health minister, Minister Roxon, said that the government is firmly committed to retaining the existing private health insurance rebates. We are not at all surprised that there has been another backflip by a minister from this government, another betrayal of the Australian people by Labor. People who have sat down around the kitchen table and worked out their family budget—'Will we go overseas on that holiday, will we go to Queensland or will we go camping down the coast and keep our private health insurance?'—have had the conversation and kept the insurance only to find that they are not going to be supported in that decision. It is yet another example of the Labor government doing something in haste without considering the impact and without thorough investigation. The government is obviously having a bet both ways.

The means testing of rebates will be effective on 1 July, and as a result the average middle-class family will see a reduction in the taxpayer refund against the cost of their private health cover. The more they earn, obviously, the more they will pay. Fifty-two percent of Australians hold private health insurance, including about 40 per cent of Australians in regional areas. Sixty-five per cent of those living in the electorate of Mallee in Victoria hold private health insurance. It might seem counterintuitive—there are not a lot of private hospitals out there in the regions. Why would the vast majority of regional Australians, particularly those in Mallee, hold private health insurance? It is because it supports the public system, and regional Australians understand that. They understand that to keep their specialists heading out our way they need to be able to charge private rates. They are only going to be able to charge those if people out there in the regions hold private health insurance. Describing these hardworking Australians as 'millionaires'—like it is a dirty word—shows how out of touch this government is with the day-to-day struggles of working Australians. Penalising people for taking responsibility for their own health care makes no sense. This is in addition to taxation they are already paying with the Medicare levy. Once again, as they earn more, they pay more.

The health system is multilayered, and funding it is a complex issue. But there is a simple logic to the statement that, if you drive people out of private health insurance and they end up in the public system, it simply puts more pressure on that system and on our already overstretched public hospitals. If you drive healthy young people out of private health insurance—if those under 30 are making decisions about whether they are going to take it up or not—everyone's premiums will go up.

Why do regional Australians bother taking out private hospital cover if there are fewer hospitals? They are insuring against catastrophe, like anyone else who takes out insurance. They want to ensure that they can access a variety of health services—obviously, at their own public hospital in their own regional centre but, if something goes wrong, they want to be able to ensure that they and their loved ones can access the specialist care that they need. That may be 200 kilometres down the road or it might be 1,000 kilometres down the road. Regional people understand that it means going to either a regional centre or a capital city for treatment.

They still want the peace of mind of their choice of doctor and no waiting list.

Many people also have a sense of obligation. Many believe that if they can afford private health insurance that they should, wherever possible, leave those beds for public patients. It is well known out in the regions that private health insurance is what keeps our public hospitals going. Typically, private hospitals in regional centres have lower occupancy rates—meaning that they operate on wafer-thin margins. Any erosion in those rates will be magnified in regional hospitals and will be likely to force cuts to services or potentially cause some private hospitals to close their doors entirely. Those people using the private services in regional areas are relying on them for repeat admissions over a course of treatment and for ongoing health conditions. Those families can ill afford to lose the benefits they have accessed for over a decade, and will be devastated to see them pared back.

Another issue is that of the visiting specialists who visit regional private hospitals. Any tinkering with the rebate that causes a cutback in demand in regional private hospitals will flow directly to the specialists, who will retreat to the cities, denying regional patients local access to the expertise and services they need and forcing those patients to travel further and at greater cost for consultations and treatment.

Another issue that I would like to briefly touch on is something that people have mentioned consistently, and that is just what a poor public policy response this government has. We on the coalition side are not surprised that this government is just pursuing middle-class Australia and whacking those who can least afford it, because they see it as a cheap and easy way to make up for Swannie's surplus misadventures. I just think it is—

The ACTING DEPUTY PRESIDENT ( Senator Cameron ): Order! Senator, you should use the proper title. You should not use that type of language.

**Senator McKENZIE:** Sorry. I apologise, Mr Acting Deputy President. The Treasurer's surplus misadventures. It is poor policy, as many of my coalition colleagues have outlined. We will not be voting for it. The continual disrespect that this government has for regional Australians beggars belief.