



TAKING NOTE OF LABOR'S EXPLANATION OF ITS DECISION TO INCREASE THE MEDICARE LEVY SURCHARGE TRESHOLDS IN TONIGHT'S BUDGET

By Senator Mathias Cormann on 13 May 2008

[Senator CORMANN](#) (Western Australia) (3.16 pm)—Today is the moment of truth. It is the moment of truth for Labor and sadly it is the moment of truth for the Australian people. Today is the day when the Australian people will find out that Peter Garrett was right when he said, ‘Once we get in, we’ll just change it all.’

Before the election Labor was desperate to make sure that private health insurance would not become a political issue. It was the time of the ‘me too’ policy approach. We support all of the positive initiatives of the Howard government. We support the 30 per cent health insurance rebate. We support Lifetime Health Cover. The minister today confirmed that Labor did not tell the Australian people before the election that they would be making those changes which are about to be announced in the budget to increase the threshold of the Medicare levy surcharge.

Earlier this year in Senate additional estimates, I was somewhat suspicious in the light of Peter Garrett’s comments as to what the new government’s approach would be to private health insurance because when we last came into government after an extended period of Labor government the Australian health system was totally out of balance. Private health insurance membership levels were down at 33 per cent of the population and they went down to 30 per cent before we were able to turn the ship around. So I thought I would ask some questions. The Parliamentary Secretary for Health and Ageing was representing the minister for health during Senate estimates. I asked her specifically, ‘Would you be concerned if membership levels started to drop as a proportion of the population?’ She said, ‘Of course we would be.’

I followed on and I went through the series of positive policy initiatives of the Howard government which led to bringing the Australian health system back into balance, and I asked her to confirm the government’s ongoing commitment to those measures specifically in relation to the Medicare levy surcharge. I asked

CORMANN—The Medicare levy surcharge policy will remain in its current form?

Senator McLucas—Correct.

Senator CORMANN—There is no suggestion to increase the thresholds that you are aware of?

Senator McLucas—Not that I am aware of.

That was not a totally clear answer so I went back to it later. I said:

I would like on the record, though, to get specific information whether there are no plans to change the Medicare levy surcharge from the current levels.

Senator McLucas—We have answered that question.

Senator CORMANN—So no change?

Senator McLucas—That is correct.

So Senator McLucas, representing the Minister for Health and Ageing in Senate estimates earlier this year was very clear when it came to this point. She gave an indication to the Australian people that there would be no change.

But what have we heard today? What have we heard widely canvassed in the media? The Medicare levy surcharge threshold is going to double. That is bad public policy, because that is exactly the sort of policy that will lead us to the disastrous circumstance that we found ourselves in 1996 when the Australian health system was out of balance. Membership levels will go down and the minister in one of his answers today actually said, 'Yes, some people will leave'. He did not tell us how many people. What is the definition of 'some'? How many people will leave? Minister, you have not answered that question today at all. The minister says: 'Some people will leave. The membership levels will go down, we all agree.' This will have an impact in accelerating future increases to health insurance premiums. People will leave private health insurance. This will put pressure on public hospitals, which are already under pressure. Public hospitals which are being mismanaged by Labor state governments across Australia with people not being able to access the services they need.

If you look at what has happened over the last 10 years with significant increases in the membership levels in the private health insurance system, private hospitals around Australia have taken responsibility for a dramatically increased share of healthcare services necessary to service the Australian people. What is going to happen now? Australians will leave private health insurance because Labor went back on its commitment prior to the last election. This is back to the future stuff. As I have said, the Howard government had to restore the balance in the Australian health system when it got into government.

Peter Garrett was right, when he said 'Once we get in, we'll change it all.'

Tonight, when the Treasurer puts out the budget, we will all be able to see that that is exactly what will be happening from hereon in.