



MEDICARE LEVY SURCHARGE CHANGES

Taking Note

By Senator Mathias Cormann on 25 September 2008

[Senator CORMANN](#) (Western Australia) (3:02 PM) —I move:

That the Senate take note of the answer given by the Minister for Human Services (Senator Ludwig) to a question without notice asked by Senator Carol Brown today relating to the Medicare levy surcharge.

We oppose the Medicare levy surcharge measure because it is fundamentally flawed. It was fundamentally flawed when it was first announced in an organised leak three days before the budget. It was fundamentally flawed when it was finally introduced on budget night. It was exposed as fundamentally flawed during Senate estimates and during the Senate inquiry. And it was still fundamentally flawed when it was being debated in this chamber last night. The reason it is fundamentally flawed is that the government failed to properly assess the implications of this measure for our health system. The government thought that it could do a little bit of fiddling with the Medicare levy surcharge and tried to tell us that this was about indexation but then doubled the threshold, without any consideration whatsoever as to the flow-on implications for our health system.

In fact, when the measure was first announced, for two hours the Treasurer was out there in the media trying to sell it as a tax relief measure, the same as the propaganda machine of the federal government is trying to do again today. But within two hours the Treasurer was pulled offline and 'Mini-Me' Treasurer Nicola Roxon, who somebody should remind that she is actually the Minister for Health and Ageing, was sent out there to try to salvage and explain what the government was trying to achieve.

The reality is this: an increase in the Medicare levy surcharge thresholds in the way it is proposed will put huge additional pressure on older Australians, on families and on the most vulnerable in our community. It will push up the price of health insurance premiums, it will put additional pressure on public hospitals and it will see up to one million Australians leave the private health system. Do you think that the federal government made any attempt to assess the impact of a measure like this on the health system? No, it did not. The only thing the federal government did was to cost and model the implications of this measure for its budget bottom line—'How much will we save? How much will it cost us?'

On the day of the budget, I asked a question of Senator Ludwig: when did you advise the people about this measure before the election? He could not answer the question. If this was really a popular tax relief measure, don't you think the then opposition would have announced it before the election? Don't you think that they would have tried to use it to win some votes? But they did not announce it before the election and the reason was that they knew about the implications of this measure for our health system. They knew that it was going to be bad news for older Australians, for families, for the privately insured and for people who need timely access to quality hospital care. When did you last hear the minister for health explain to anyone how this measure will help people get better access to public hospital

care? When did you last hear the minister for health explain how this measure will help ensure that private health insurance premiums will remain affordable for older Australians—those Australians most likely to need access to quality hospital care, those Australians who every year make the sacrifice to bring all of their money together so that they can afford private health insurance and have that peace of mind?

The government propaganda machine are working overtime out there. They are trying to tell people that this is a tax relief measure. If that is the case, why do the government discriminate against those Australians in lower income tax brackets who also take out private health insurance? If they want to provide a tax relief measure, why don't they do it in a way that does not have the same negative consequences for our health system? If they want to provide tax relief to people on lower incomes, why don't they do it in a way that is not going to have those disastrous consequences for our public hospitals, for our privately insured and for the overall health system here in Australia?

The reality is this is just about spin. This is an ideologically driven pursuit by the Labor Party, who has never liked private health. They are back at it. They are back at what they did between 1983 and 1996, when private health insurance membership was in free fall, when we ended up with a health system that was totally out of balance, when people could not get access to public hospital treatment and when more and more people were burdening public hospitals and joining the queues. That is what you will see as a result of this measure.

They introduced some amendments yesterday and I hear that in the other place they have now reintroduced the measure with a threshold of \$75,000. You would be amazed—you would think there was going to be a significant change. We did not get any information in this chamber on how this would play out, but there was a propaganda sheet circulated around the press gallery. Do you know what the difference in impact is going to be? After three months we were able to get Treasury to concede that 644,000 people would leave private health insurance as a result of the original measure. Now, with this new legislation, do you know how many it is going to be? It will still be 583,000. *(Time expired)*