

**The Hon Nicola Roxon MP**  
**Post Budget Speech, Australian Institute of Policy and Science**  
**Thursday 14 May 2009**

Acknowledgements

- Ministerial colleague, the Hon Justine Elliot, Minister for Ageing;
- Parliamentary colleague, Julie Owens, Member for Parramatta;
- Professor Rick McLean, Chair, Australian Institute of Policy and Science;
- Ladies and gentlemen

Introduction

I am pleased to be here this morning to talk about this year's Budget.

This has unquestionably been one of the toughest Budgets faced by any Australian Government.

The global recession has presented governments around the world with a fiscal environment not seen for nigh on seventy years.

Nobody could have predicted twelve months ago that the budget was about to take a staggering \$200 billion hit.

We've had to make some tough, responsible decisions to protect jobs and cushion the impact of the global recession.

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But that doesn't mean we are running up the white flag when it comes to building a fairer, more sustainable national health system.

Far from it. If anything, we have picked up the pace.

### Our agenda

The Rudd Government was elected with a bold, clear health reform agenda.

An agenda to make health care more accessible, so that regardless of where you live, care is delivered by the health professional best placed to deliver the care.

An agenda to end of the 'blame game' that has dogged the health sector for years.

An agenda to restore fairness to the health system, with more targeted support for families and those who need it most.

An agenda to create a more sustainable health system, which better reflects the way health care should be provided.

Our reform agenda is comprehensive. It needs to be, after a decade of neglect from the previous government.

We started the journey last year.

But we can't afford to sit out a couple of years because the global economy has tanked.

The task is too urgent. The need is too great.

That's why this week's budget is the next down-payment on reform.

The budget takes the reform broom through the whole health system – in hospitals, infrastructure, workforce, maternity services, diagnostic and pathology services, cancer care, as well as rural and regional health services.

This budget is the next step in building a health system to serve this country for generations to come.

#### Hospitals – funding & infrastructure

I'll start with hospitals, which are of course the most visible face of the health system.

It is no secret that our public hospitals are under severe pressure as our population ages and the burden of chronic disease takes hold.

Take a look at the emergency departments across the country in a few weeks as winter hits, and you'll see just how busy our hospitals are.

The Rudd Government recognised this and took action at COAG last November.

The budget implements that historic agreement.

It includes the biggest ever funding deal for our public hospital system - \$64 billion over five years.

This is nearly \$20 billion more than the previous Health Care Agreement – a massive increase of nearly 50 percent in funding.

These reforms are about improving health systems, not just money – important though that is, after years of neglect by the previous Government.

We've already seen immediate results from our \$600 million Elective Surgery Waiting List blitz, with an extra 41,000 extra procedures last year – 16,000 procedures above target.

Our investment also includes a \$750 million injection to reduce pressure on our stressed emergency departments.

The budget also delivers a substantial investment in our nation's hospital infrastructure.

This year the Government's Health and Hospitals Fund will open for business, with \$3.2 billion on the way to fund 32 iconic new projects across the country.

Some of the major projects to be given the green light include:

- More than \$255 million to replace the rehab unit at the Fiona Stanley Hospital in Perth;
- \$250 million to expand Townsville Hospital;
- \$200 million to build a flagship medical research institute co-located with the Royal Adelaide Hospital;
- \$40 million to upgrade Launceston General Hospital;
- More than \$96 million to upgrade Nepean Hospital; and
- \$120 million for a new purpose built blood manufacturing facility for the Australian Red Cross Blood Service in Melbourne.

Most of these projects are shovel ready – so hard hats will be the new season's fashion.

And aside from the obvious health care benefits, they will also be a boon for local economies and jobs.

It is exciting to think of the potential of these new facilities, which will serve future generations of Australians.

We are also putting in place structures to further improve the long term performance and services provided by our hospitals.

All governments have agreed to report against a comprehensive set of performance indicators, spanning the breadth of the health system.

And we are taking steps towards the introduction of Activity Based Funding for public hospital services.

These initiatives will improve the performance and accountability of the health system.

Above all, it signals the end of the blame game between the Commonwealth and the States – just action, and solutions.

We are also determined to maintain an appropriate balance between the public and private health systems.

High income earners will receive less Government payments for their private health insurance, but will face an increase in costs should they opt out of their health cover.

This rebalancing of ‘carrots’ and ‘sticks’ for higher income earners is not expected to have a significant impact on private health insurance membership.

Treasury estimates that 99.7 per cent of current members are expected to remain in private health insurance.

So we do not expect these changes will have an adverse impact on public hospital attendances. We know for a fact that last year’s changes to the Medicare Levy Surcharge had no negative effect on health fund membership – in fact, membership has increased in the last two quarters – despite loud protestations to the contrary.

The intention of these changes, consistent with other changes in the budget, is to ask for a higher contribution from those people that can afford to.

Currently, approximately 14 per cent of single taxpayers who have incomes above \$74,000 receive about 28 per cent of the total rebate paid to singles. Under these reforms, these single taxpayers will receive about 12 per cent of the rebate paid to singles.

Likewise, approximately 12 per cent of couple taxpayers who have incomes above \$150,000 currently receive about 21 per cent of rebates paid to couples. Our changes will reduce this to 9 per cent.

This allows us to ensure hard-earned taxpayer dollars go to those people in the community who need it most.

It is a necessary reform to allow us to fund more urgent work across the portfolio.

### Health Workforce & Rural

Such as our package to boost the health workforce and tackle the skills shortage.

Our health workforce is, quite simply, the lifeblood of our health system. We need to do all we can to support our doctors, nurses and allied health professionals in their essential work.

Our investment in GP training places will result in a 35 per cent increase in the GP workforce by 2011 – a major change after the cruel cap of 600 places enforced by the past government.

Our nursing workforce has also been boosted, with greater recognition for highly skilled nurse practitioners. From November 2010, nurse practitioners will have access to the MBS and PBS for the first time.

This will provide better access to services for patients, will allow doctors to focus more on tasks that require their particular skills, and it gives nurses another career path to follow.

This follows measures last year to grow our next generation of nurses by boosting the number of uni places for nurses by over one thousand.

For too long our country towns, and even outer metropolitan areas, have had to get by on too little when it comes to the availability of health professionals.

We will inject \$134.4 million to reform and improve incentives to encourage doctors to work in our rural and regional communities – and keep them there.

We are replacing the previous Government's outdated approach with a modern classification system that reflects how Australia's population and demography has changed over time.

Our new approach is based on the principle of 'the more remote you go, the greater the reward' to encourage doctors to work and remain in some of Australia's most isolated communities.

Under the changes, no longer will towns relatively close to a major city, such as Caloundra, be treated the same way as Cootamundra or Kingaroy.

By way of example, a doctor moving from a major city to a regional centre will receive \$15,000 whereas a doctor re-locating to a very remote area will get \$120,000, in stark contrast to current incentives of zero in some areas.

Nearly 2,500 doctors will now be newly eligible for support, almost 500 communities will be eligible for incentive payments for the first time, and some 40 communities benefit from more investment in primary care infrastructure.

We will also establish a National Rural Locum program and expand the Training for Rural and Remote Procedural GPs program and provide more support for rural training for nurses, midwives and allied health students.

These programs are vital to support rural doctors – but they are vital to support rural communities, that rely on health services to be livable and sustainable.

### Maternity services

We will also extend access to the PBS and MBS for eligible midwives – a key plank of our \$120.5 million maternity services reform package.

I am particularly proud of this package, which will improve access to services and choice for pregnant women and new mothers across the country.

As well as providing access to the PBS and MBS, we will support indemnity insurance, for midwives working in collaboration with doctors.

This recognises the vital role they play in maternity care.

We will also expand the Medical Specialist Outreach Assistance Program and provide additional scholarships for GPs and midwives, which will help increase the maternity workforce.

The Government will also increase the overall Medicare rebate for obstetric services, at a cost of \$157.6 million over 4 years. This will provide immediate relief to Australian families who are charged moderate fees.

These measures should make it easier for women in rural areas in particular to get access to quality maternity services when the time comes to plan for childbirth.

A new 24 hour helpline is also on the way to support women and their families before and after birth, to help women cope with what can be an emotionally and physically draining time.

We have been able to make these vital improvements in maternity services partly because we are also moving to put a stop to some of the more excessive fees being charged by some specialists, and then being funded by the taxpayer through the Medicare Safety Net.

These excessive medical fees have also been evident in Assisted Reproductive Technology procedures, and again we have moved to cap benefits here as the Safety Net was intended to reduce costs for patients, and not pay for specialists' holiday house on the beach.

By putting a cap on the benefits available under the Safety Net, we will be able to ensure that taxpayer funds are targeted to those people who most need the support.

Medicare should put the patient, not the specialist, first.

It also means that every single service that is currently covered by the Safety Net will continue to be, with no means test or eligibility requirements.

## Cancer

Putting the patient first is also the guiding philosophy in our plans for to improve cancer services.

Cancer is number one in Australia in terms of burden of disease and morbidity.

One in three men and one in four women will get it before age 75.

It will touch every single person in this room – directly or indirectly.

That's why the Rudd Government is focused on providing this country with world class cancer care.

We believe Australians deserve the highest standards in cancer prevention, treatment, and research.

And to make this a reality, there is a \$2 billion package of initiatives.

The integration of cancer care is the guiding principle of the Government's vision for tackling cancer.

The flagships of this vision will be the Parkville Comprehensive Cancer Centre and Lifehouse at RPA, which will become a reality now thanks to a contribution of \$526 million from the Health and Hospitals Fund.

Our vision is that these two projects will become national centres of excellence for world class, integrated treatment and research.

They will serve as our flagship institutions, where governments, universities, research bodies, and hospitals work together to deliver a seamless journey for cancer patients and their families.

They will also have formal links with a new network of up to ten regional cancer centres, to improve the way cancer care is provided for people in rural and regional areas.

We will invest \$560 million in these centres to ensure that geography should be no impediment to the effective provision of quality cancer care.

The Health and Hospitals Fund will run an application process for these centres, and will be looking primarily at areas of need, and at establishing or enhancing existing sites that will become centres of best-practice.

And there is also \$120 million allocated to replace BreastScreen Australia's 205 outdated analogue machines with state of the art digital mammography equipment.

And of course \$600 million to subsidise essential cancer medicines, including for people with bowel, kidney and breast cancers.

## Pathology/DI

Another part of the health system that has been crying out for more patient-oriented changes is pathology and diagnostic imaging services.

We will introduce new bulk billing incentives for essential pathology and diagnostic imaging tests, to ensure more Australians have access to these essential health services, and fewer need to contribute a co-payment.

The measures will also adjust collection fees for some pathology collections, provide new measures to improve the quality of services, and boost the pathology and diagnostic imaging workforce.

There is an old saying that health is recession proof. But we don't think that should mean taxpayers should prop up higher than reasonable profits, especially when other areas are thirsty for more public funds.

Some of these measures will not be popular with everyone in the room today.

I accept that – but they are fair and necessary changes that help build a more sustainable health system for future generations.

This budget takes us closer to that goal.

## Conclusion

From the bush GP surgery, to the busiest metro ED, from research labs to the bedside of a new mother, we are delivering necessary reform to position our health system for the 21<sup>st</sup> century.

On top of all these investments, within the next few months I will be receiving the final National Health and Hospitals Reform Commission report. I've been assured by Dr Bennett this morning that she is working overtime to make the deadline.

There is also the Preventative Health Care Taskforce report, and the Primary Health Care Strategy to look forward to. So there is plenty more action to come in the months and years ahead.

I look forward to working with each and every one of you here today to help build a better, more sustainable, fairer, health system and I thank you for having me here today.