

# Australian Labor budget delivers triple hit to public hospitals

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Despite a resurgence of the COVID-19 pandemic, the Albanese government's first budget, handed down on Tuesday, contains a devastating cut to the country's already overwhelmed and under-funded public hospitals.

Budget papers reveal that payments to the states and territories for public hospitals are expected to decrease by more than \$755 million this financial year and \$2.4 billion over four years.

The shattering impact of that cut on beleaguered public hospitals, over-worked health staff and often seriously-ill patients will be compounded by two other budget decisions. One is to end the federal government's 50 percent contribution to the hospital budget during the pandemic, cutting its share back to 45 percent as of December 31.

The other is to simultaneously re-impose a 6.5 percent annual cap on federal hospital funding. This is under conditions in which the official inflation rate has just hit 7.3 percent, and is now expected to exceed 8 percent by the end of the year.

The costs of medical services ("medical inflation") are rising even faster. Earlier this year, the Victorian Healthcare Association revealed that inflation would slash that state's health budget by more than 13 percent in real terms this financial year, leaving doctors warning of worse outcomes for patients at a time of record-breaking demand.

Australia's governments have inflicted a profit-driven "let it rip" COVID regime on the population, resulting in more than 13,000 deaths this year, at least ten million infections and hundreds of thousands of people facing the prospect of debilitating Long COVID and other potentially life-long medical conditions.

Now, led by the federal Labor government, they are ratcheting up the assault on the public health system, defying strikes and protests by nurses and other health workers over intolerable workloads, low pay and real wage cuts.

The crisis ravaging public hospitals will intensify, with beds at capacity, ambulances ramping outside emergency departments, patients waiting years for essential elective surgery and health workers suffering extreme stress,

exhaustion and burnout.

This is one of the deepest attacks on working class living and social conditions contained in Labor's budget, on top of sky-rocketing electricity, gas, petrol and food prices, soaring mortgage interest rates and repayments, at least two more years of real wage cuts and an estimated 150,000 job losses over the same period.

Public hospitals were severely under-funded long before the pandemic, but the COVID disaster has taken the breakdown to a new level. There is growing evidence that the next wave of infections, hospitalisations and deaths has begun, fuelled by the new coronavirus mutations that capitalist governments have allowed to proliferate globally.

Officially-recorded COVID-19 infections in Victoria, the second most populous state, jumped by 25 percent last week. That is a vast underestimate because the Labor-majority "National Cabinet" of federal, state and territory government leaders has scrapped most testing, reporting and isolation requirements, making it near-impossible to know how much renewed infection is circulating.

In the same week, less than 64 percent of critical code one ambulance calls in Victoria were attended within the 15-minute target, compared with 73 percent in 2014. Ambulance Victoria conceded that in regional areas only 56 percent of calls were responded to within the target.

By every metric, from waiting times to delayed medical assistance and excess deaths, the public healthcare system is in its greatest crisis of the past 80 years. The Australian Medical Association (AMA) 2022 public hospital report card stated:

"More than one in three people will wait longer than the clinically recommended 30 minutes to receive urgent care. One in three people who present to an ED [Emergency Department] will wait longer than four hours to be either discharged or admitted..."

"The situation is even worse when it comes to elective surgery... during 2020–21 reporting period, for Category 2 elective surgery—procedures like heart valve replacements or coronary artery bypass surgery, one in three patients waited

longer than the clinically indicated 90 days, a performance decline of 17 percent since 2016–17.”

The AMA and other health groups condemned the \$2.4 billion budget cut. AMA president Professor Stephen Robson said: “The AMA is stunned that this decrease is forecast at a time when demand for hospital services is at an all-time high.”

As Robson indicated, the supposed reduction in demand is actually based on the hospitals lacking the staff and beds to cope with the unmet need. This has been exacerbated by people delaying seeking treatment, or being forced to put off procedures, due to the deadly impact of the pandemic.

Under the “casemix” funding system, hospitals are paid only for the procedures and other “activities” they perform, not the ones they cannot perform due to acute staff and funding shortages.

Federal Health Minister Mark Butler bluntly defended the cuts, accusing the AMA of a “misunderstanding of the hospital funding arrangements.” These “arrangements” were put in place, he boasted, by the Rudd-Gillard Labor government of 2007–13 and continued by the ensuing Liberal-National Coalition governments.

The casemix model abolished the previous system of funding hospitals on the basis of estimated community need. By paying for “activities” delivered, the casemix system is a formula for exploiting the inability of public hospitals to meet the unmet need.

Labor’s budget inflicted further cuts to public health as well, including the slashing of federal funding for a host of COVID-related services, such as vaccines and treatments, and PCR and rapid antigen testing.

After a decade-long virtual freeze, the government refused to increase rebates under the Medicare insurance scheme for doctors. Nor was there any rise in remuneration for longer consultations, or reinstatement of longer telephone consultations.

This rebate squeeze is increasingly driving doctors, including GPs, to end bulk-billing and require patients to pay upfront for medical advice and services. That is, in turn, increasing the pressure on public hospital emergency departments, where people go to avoid such bills, which they cannot afford.

Also axed was funding for an additional 10 Medicare-subsidised psychological therapy sessions per year, which took the total number to 20 as a pandemic measure. These are just initial instalments of deeper cuts to Medicare, amid a corporate media witch hunt accusing doctors of “robbing” the system.

For many people, the combined impact of Medicare cuts will outweigh the Albanese government’s claim to be addressing cost-of-living pressures by reducing the general

co-payment for medications covered by the Pharmaceutical Benefits Scheme from \$42.50 to \$30 a script.

Likewise, the government’s promise to set up 50 Medicare Urgent Care Clinics to reduce the burden on the hospital system is a drop in the bucket. Moreover, only limited “pilot” projects are scheduled for the next two years.

None of this has been opposed by the health worker trade unions, which continue to suppress workers’ demands for a struggle against the decimation of healthcare and block opposition to the homicidal “let it rip” policies.

The attack on public health underscores the assessment made by the WSWs that the budget “inflicts the deepest cuts to workers’ living standards since World War II.” It is the Albanese government’s “initial down payment on the agenda of austerity and war preparations demanded by the ruling class.”

To take forward the fight against this offensive and for fully-funded, properly staffed, public healthcare, health workers and other frontline workers, including teachers, must establish their own rank-and-file committees, independent of the unions, to unite and coordinate their struggles across the country and internationally.

To organise this counter-offensive, the Health Workers Rank-and-File Committee and the Committee for Public Education, both initiated by the Socialist Equality Party, have called a joint online public meeting on Sunday, November 20 at 3 p.m. (AEDT).

Titled, “Unite educators and health workers: Oppose the ending of COVID protection measures! Lives before profit!” the meeting will outline a political perspective, including the building of rank-and-file committees, to unify health workers, educators and other sections of workers in the fight for safety, decent wages and conditions, and the elimination of COVID-19. Register now: <https://bit.ly/3CRCuOh>



To contact the WSWs and the  
Socialist Equality Party visit:

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