Australian Labor government slashes annual health budget by $11 billion

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Last month's federal budget delivered by the Albanese Labor government was designed to give the impression of improved public health care funding, but actually cemented damaging cuts to the crisis-ridden system.

The May budget built on a mid-year budget last October 2022, which reduced the federal government's share of public hospital funding with the states—from 50 percent to 45 percent—bound up with slashing pandemic spending. In total this would mean a $2.4 billion cut over four years.

Total federal spending on health will fall by $11 billion in just two years—from $115.5 billion in 2021–22 to $104.1 billion in 2023–24—primarily due to the termination of COVID-19 safety measures, despite the ongoing pandemic.

A new surge in the virus is being completely ignored by governments and the media, as part of a "forever COVID" policy adopted by capitalist governments worldwide so that the pandemic does not impact on corporate profit.

The pressures of the pandemic have revealed the cracks in a system that has been chronically underfunded by both Labor and Liberal-National governments for decades. This has seen staff become infected with COVID-19, leading to massive staffing shortages and high levels of health care staff burnout due to higher workloads.

Many more people have died from COVID-19 under the Labor government than under the previous Liberal-National government. It only took eight months after Labor took office to see 9,332 fatalities, compared to 8,471 deaths under the Morrison government.

The main promoted change to healthcare funding was a promised $3.5 billion boost, over five years, to "bulk bulling," to see a general practitioner without paying an upfront fee, under the Medicare scheme. Ongoing cuts and freezes to government rebates to GPs have led to a sharp decline in bulk billing and rising "out of pocket" expenses for patients to see a doctor.

Figures for early 2023 showed the average gap fee was $42.44, compared to $28.12 a decade ago.

As a result of the budget, from November GPs will receive a tripling of a bulk billing incentive fee of $20.65, up from $6.85. In regional areas this will increase to $39.65 from $13.15. This will do little for the running of a general practice, with "medical inflation"—the cost of providing medical services—soaring on the back of the overall inflation.

Moreover, the new incentive will only cover patients on a pension or other concession card holders, such as those on Youth Allowance or JobSeeker dole payments, as well as children under 16 years. That is much less than half the population—only 11 million out of 26 million.

Considering the cost-of-living crisis—especially skyrocketing food, fuel and energy prices, and mortgage interest and rent costs—this will not relieve the increasing financial burden on the working class, including those who are most vulnerable.

A report in the *Conversation* in April provided data on bulk billing "deserts" where it was most difficult to see a doctor free of charge. These "deserts" occur more often in poorer areas, which means that those who needed bulk billing the most, were facing the greatest out-of-pocket expenses.

The share of patients who did not pay for a GP visit fell from 67 percent in 2020–21 to 64 percent in 2021–22. Patients who were not bulk billed paid on average $45 out of pocket, which was up 20 percent over the past decade.

The previous Gillard Labor government imposed a

“temporary” freeze on bulk bulling rebates in 2013. The following Liberal-National government retained the freeze until 2019, when rebates were increased by just 1.6 percent.

As a result, there is a growing shortage of GPs, especially in regional areas. Last month, the Regional Australia Institute released stunning findings on a job vacancies crisis in rural Australia.

In late 2022, there were more than 6,100 vacancies for medical practitioners and nurses—a jump of nearly 200 percent since 2017. This has been compounded by a drop in the acceptance of foreign-trained doctors since the COVID-19 border closures.

In delivering the budget, Treasurer Jim Chalmers claimed that the increases in bulk billing would “take pressure off our public hospitals and emergency departments feeling the strain of a once-in-a-century pandemic.”

This is grossly misleading. A recent Australian Medical Association report found that over the past 30 years, successive governments have removed $8.6 billion from the funding of the most common GP consultation fee, “Category B,” through sub-inflationary indexation or outright freezes. The budget increase of $3.5 billion over five years does little to restore the long-term decrease in funding.

Yet the Royal Australian College of General Practitioners welcomed the budget as a “game changer.” RACGP president Dr Nicole Higgins said the government had shown a “real commitment to strengthening Medicare, rebuilding general practice care for all patients.”

There was criticism from some health experts of the government’s lack of funding to address the ongoing pandemic and the crisis in the hospital system, the lack of financial assistance for patients to see specialists, and the failure to extended the bulk-billing incentive increase to all patients.

However, University of New South Wales Adjunct Professor Kathy Eagar was almost a lone voice in condemning the budget response to the pandemic. She commented: “I was hopeful that the government would use the budget to reset its approach to COVID and recognise the ongoing devastating impact on individuals and on the economy. This means stepping back from its claim that ‘COVID exceptionalism’ is over and its plan that COVID is now to be treated just like any other respiratory virus. COVID is not like any other virus, it has exceptional infection, mortality and morbidity rates and it disproportionally impacts the poor, the old and the sick.”

The budget is socially criminal in the neglect of this public health emergency.