

Health rebate test unlikely to get up

SUE DUNLEVY
DAVID UREN

THE means test of the private health insurance rebate is again on the brink of failing to pass through parliament, threatening to blow a \$2.9 billion hole in the federal budget.

The government has just one parliamentary sitting week to secure support for its measure and Health Minister Nicola Roxon has admitted she has not yet won over the independents.

She warned yesterday she would not be able to fund expensive new medicines if the measure failed to get up.

The rebate, which was originally part of the savings package intended to pay for the increase in the age pension two years ago, was expected to deliver savings of \$768 million in 2012-13, rising to \$829m by 2014-15.

The failure to pass the legislation will make it difficult for the government to meet its target of delivering a budget surplus in 2013, but will not, on its own, be responsible for a deficit that year.

The director of economic consultancy Macroeconomics Stephen Anthony said the funds lost through the failure to pass the means-testing of the 30 per cent private health insurance rebate could be made up elsewhere in the health portfolio, which has a budget of about \$60 billion a year.

Dr Anthony, a former official in the Department of Finance, said passage of the measure would not have been enough to bring the budget back to surplus in 2012-13, which he said was most unlikely. "The gap looks too large

to be bridged with additional savings at this point."

Dr Anthony said the economy's growth would be at least one percentage point less than in the budget forecast and this was likely to slice \$5bn to \$6bn from the budget bottom line.

Health funds said yesterday that even if the legislation passed through parliament by the end of the month, they would not have enough time to change their systems or notify their members of the change before it took effect.

The means test was first proposed in the 2009 budget but it has been twice rejected by the parliament and is now due to start on January 1, 2012.

With just one parliamentary sitting week remaining this year, the bill has not been brought on for a vote because independents Tony Windsor and Bob Katter oppose it and Rob Oakeshott and Tony Crook have reservations.

"We don't yet have the support of the independents, and we need that," Ms Roxon said.

A spokesman for Mr Crook said Ms Roxon had not sought his support for the bill in the past week and had so far not allayed the MP's concerns that the means test would lead people to drop their health cover, increasing pressure on public hospitals.

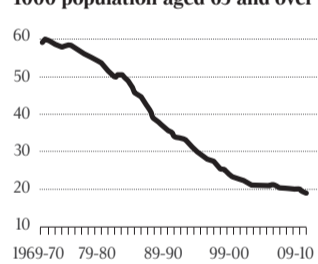
"I invite the government to put the legislation to the parliament if they believe in it, or any other issues," said Mr Oakeshott, who wants the government to sell Medibank Private instead.

The means test would affect 2.4 million health fund members, hitting individuals earning more than \$80,000 and families earning more than \$160,000.

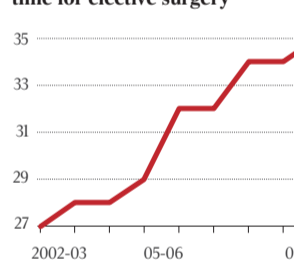
Patients still waiting despite \$2.7bn 'fix'

JOIN THE QUEUE

Number of public hospital beds per 1000 population aged 65 and over



Median number of days waiting time for elective surgery



Sources: Australian Medical Association

SUE DUNLEVY

THE \$2.7 billion spent on health reform since Labor came to power has failed to make any difference, with surgery waiting times rising, emergency treatment below target and too few new hospital beds, doctors claim.

The Australian Medical Association's public hospital report card, released yesterday, shows only 378, or one-tenth, of the 3750 new beds promised by ex-prime minister Kevin Rudd in 2008 have been delivered.

Nationally, waiting time for elective surgery increased to 35 days (up from 27 days eight years ago) in 2009-10.

And last year, just 64 per cent of urgent emergency department patients were seen on time, well short of the target of 80 per cent.

AMA president Steve Hambleton said it was time to call the states to account and demand they show where they had spent the extra federal dollars received.

"We want the accountability to say that the money has got to the

frontline, it is delivered, and it delivers services," he said.

"So far, we're actually slipping back, we're not going forward."

In November 2008, the commonwealth provided the states with an extra \$4.8bn for public hospitals and they received another \$750 million in 2008-09.

Mr Rudd said at the time the money would support an additional 3750 beds in 2009-10 growing to 7800 by 2012-13.

The AMA's report card shows that from July 2008 to June last year, only 433 new hospital beds opened around the country.

In NSW, the number of hospital beds fell by 197 in 2009-10, but beds increased by 317 in Victoria and 106 in Queensland.

Despite hospitals receiving hundreds of millions of dollars to fund extra elective surgery in 2008 and 2009, waiting times for surgery grew and 21,927 people who had surgery in 2009-10 had waited more than a year.

Opposition health spokesman Peter Dutton said the report card showed Labor's "terrible mismanagement".

Autonomy pays off at schools

GIVING schools greater flexibility to choose how to spend their budget and select staff improves students' results in literacy, numeracy and Year 12 exams.

An independent report assessing a trial of school autonomy in NSW, which runs one of the most centralised school systems in the world, says the vast majority of principals want the power to run their own schools.

The report, released yesterday, assessed a two-year pilot study in 47 schools around NSW, which gave principals greater flexibility in running their schools.

The state government is developing a model for giving prin-

cipals greater autonomy, with a community consultation process under way and a national partnership with the federal government to start in about a year.

The report says one of the greatest benefits identified by principals was the ability to select the right mix of staff for the needs of the individual school, and to do more with their money.

"They believed achieving the right mix of staff for their school was essential for achieving the best outcomes," the report says.

Some schools created new positions, including a physiotherapist and business manager.

JUSTINE FERRARI

Farmers fearful of discount home brands future



CHRIS CRERAR

Tamar Valley Dairy boss Jose Matteo, left, with employees Adam Greenfield, right, and Chris Baily in Launceston yesterday

SUE NEALES
RURAL REPORTER

FARMERS' fears are growing that increased pressure from the dominant Coles and Woolworths supermarkets may force prices for farm produce dramatically down.

The mounting unrest follows Wednesday's announcement by Woolworths that it will double the amount of shelf space devoted to its own discount home-brand range, effectively limiting retail opportunities for smaller food manufacturers and producers.

Coles and Woolworths control more than 80 per cent of the food and grocery retail market.

"That's a real concern to us," National Farmers Federation president Jock Laurie said, "because when they change the brands they sell in favour of their discount home brands, it devalues the whole food market."

Mr Laurie said lower-quality food imports were threatening to swamp home-grown produce.

However, a Senate inquiry on the discount milk price war has handed a win to the supermarkets, concluding that the war Coles began in January had been good for consumers and not so bad for

farmers. Coles said it was pleased the benefits for consumers were now being recognised.

Some members of the Senate inquiry dissented from the report, with independent senator Nick Xenophon saying it proved consumer protection laws did not give farmers enough protection.

"If what Coles and Woolies have done to the dairy industry isn't illegal, it should be," he said.

Jan Davis, the chief executive of the Tasmanian Farmers and Graziers Association, said she was appalled by the Senate report findings and Woolworths' move.

"The whole intention of this Woolies' strategy is to force domestic producers - like so many Tasmanian high-quality products - off the shelves so it can substitute its own home-brand products and imported goods," she said.

Tamar Valley Dairy boss Jose Matteo said that much of the growth of his small family company had been possible because of contracts with the two supermarket giants for his niche product line. "Of course, it is always possible that Coles or Woolworths may decide to copy one of our products ... but in the end it comes down to our relationship with them," he said.

three ways we're helping you do business

It's this simple: a comprehensive domestic network; an elite group of international partners; and a world-class, world-wide frequent flyer program.

As always, our domestic fleet has Australia covered.

Our partners Etihad Airways, Singapore Airlines*, Air New Zealand and Delta Air Lines are continuing our service to over 500 destinations* across the globe.

We've also created an all-new Velocity Frequent Flyer program, to recognise and reward your travel around the world.

For more information or to make a booking, simply visit virginaustralia.com

*Singapore Airlines alliance is subject to regulatory approval.
*Combined Alliance and partner airlines network services.

now you're flying **virgin australia**