THE HON PETER DUTTON MP
MINISTER FOR HEALTH
MINISTER FOR SPORT

TRANSCRIPT

National Press Club Address
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E&OE

Laurie Wilson: Ladies and gentlemen, welcome to the National Press Club for today's National Australia Bank address. In a few moments, we'll hear from the Federal Health Minister and Minister for Sport, Peter Dutton. But first it's my pleasure to announce the four finalists in this year's Excellence in Health Journalism Awards, sponsored by Medicines Australia. All four have won their respective categories in the awards and one of them is now about to be named health journalist of the year. And the finalists are Amy Corderoy from the Sydney Morning Herald, Sonya Pemberton from Genepool Productions and SBS, Amanda Sheppard(*) from Australian Doctor, and Paul Smith, also from Australian Doctor.

And to announce the winner, if I could invite the Minister to do so. Mr Dutton.

Peter Dutton: Thank you very much, Laurie. Ladies and gentlemen, it gives me great pleasure to announce the health journalist of the year and the award goes to Sonya Pemberton.

[Applause]

Laurie Wilson: Sonya is a former winner of this award, indeed, for Emmy Award-winning documentary, Immortal. This year's entry, Jabbed, which was broadcast by SBS television, examined the science behind vaccinations and the real cost of opting out. Now, Sonya, I'm not too sure that you were able to actually join us the last time, because you were actually overseas as I recall shooting this particular documentary. So when the photographers have finished, which I think they're about to, I hope, perhaps you would like to make just a few brief comments?

Sonya Pemberton.

[Applause]

Sonya Pemberton: Thank you so much. This is such an honour, it really is. And to be amongst such extraordinary company of fellow science and medical journalists is kind of really, really amazing. I really feel honoured. Jabbed was a labour of love and a film that was difficult to make. It's been four years in the making, really. Two and a half years to the SBS version and now another year and a half for the American version going out on PBS shortly.

We set out to make it because we wanted it – we wanted to see if we could shift the needle a little bit in terms of the vaccine conversation. To break down the artificial polarity between those that are for vaccination and supposedly against vaccination and have a conversation about the middle ground, which is some people are just scared and concerned.

So Jabbed – I've got to thank SBS and John Godfrey, who is the commissioning editor there. He backed it from an idea when I just said please can we make a film about this? It's too important an issue to not grapple with. I also want to thank Screen Australia and Film Victoria. Without these funding agencies, a film like this wouldn't get made in this country any more. They're difficult to fund. So we need the broadcasters, we need the funding agencies to support long form documentaries that take years to make.

We shot in nine countries. My husband Harry over there is also my partner in the country. He made the film. We shot all over the world. And as I said, we're right in the middle of the American version as well. We expect it to be seen by about 20 million people ultimately, which would be great, and so hopefully conversations will happen around the world about how important it is to vaccinate and yet how important it is to talk about the concerns and fears we might have.

So lastly, to all those mums and dads who might have concerns, please feel like you can talk to people, feel like you can talk to your doctors. Let's keep talking to them, because we are all in this together. Thank you very much.

[Applause]

Laurie Wilson: Thank you and congratulations again to Sonya Pemberton, this year's Health Journalist of the Year. Thank you, Minister.

Now today's address. And I don't have to say that this year's Budget has been a bit of a hard sell for the Government; that health has been at the centre of much of the debate, particularly the Government's plan to impose a $7 co-payment on visits to the doctor – to GPs. Well, the man – along with the Treasurer, of course – but the man who has the task to convince us the Health Budget is indeed the medicine that the country needs is our guest today. Would you please welcome the Minister for Health, Peter Dutton.

[Applause]

Peter Dutton: Laurie, thank you very much. Thank you very much to the Press Club and thank you very much to National Australia Bank and all of those sponsors and supporters here today.

This morning I met with parents who have an excruciating life, who have children with cystic fibrosis, who have been living through torture with their daily medications regime and support otherwise to their children and to their families that are impacted more broadly by what is a terrible, terrible disease. And for all of us across the parliamentary divide, for us as a country, we have to ensure that our health system going forward is sustainable for those families and for millions of other Australians

who rely on support from the Australian taxpayer to provide the life saving medications, who rely upon the taxpayer to fund visits to doctors and specialists and public emergency departments across the country.

People have said to me over recent years why would I seek the poison chalice of the Health portfolio? It is an incredibly exhilarating space of public policy but most importantly it gives a great capacity and a great ability to be able to help those parents and those Australians who rely on the health system. And I sought the portfolio out because I want to make sure not only that we can manage those medications and those attendances at doctors' clinics across the country this year and next year but I want to make sure that we can provide those services in a world class system for decades and generations to come.

And over the course of the last several years, I've met with doctors and practice nurses, with psychologists, with physiotherapists, in settings right around the country. It has influenced the policy ultimately that we've provided in this Budget and I think it has provided us with an opportunity to future proof and to strengthen Medicare and the health system as we know it today for an ageing population. It is the fact that 10 years ago we had as a population, two and a half million Australians over the age of 65, and in 10 years' time, that number will go to four and a half million Australians.

It is a fact that in many areas of Government expenditure, technology means savings. But in the Health portfolio, new technologies – robotic surgeries, personalised medicines – all of that which comes with new technologies comes at a great expense, and in a developed nation like ours, people demand early adoption of that technology. And I'm very proud that as a country under both Liberal and Labor governments we have been able to provide that technology as early adopters of it, compared to our countries even in Europe or the United States or Asia. And I want to make sure that we can continue to provide those services into the future.

But by any objective analysis of the health system, we are tracking on an unsustainable path. It's not just recent analysis that provides us the ability to draw that conclusion. The last great Labor prime minister in this country, Bob Hawke, said in 1991, as did his health minister then, Mr Blewett, that health was unsustainable. And their decision to introduce a co-payment was about making Medicare sustainable. That was their message then, and in part, it was their message that Kevin Rudd bought in 2007 when he said we needed to fix our public hospitals and that we needed to make sure for the states in particular, whose budgets over the coming decades would be consumed 100 per cent with health expenditure.

So the debate about sustainability is not a new one and it's not one that has just surfaced in the context of this Budget. But if we are to make our health system sustainable, we need to listen to those lessons, not just of the Labor Party when they had heart and conviction and people with the capacity to make public policy decision but we need to listen to the independent advice.
Kevin Rudd, to his great credit, commissioned an excellent piece of work from Professor Christine Bennett. Many people in this audience and people across the country would be familiar with that work. Essentially, the message out of the Bennett review was the system was unsustainable. There was a second piece of work that Labor commissioned, which was delivered by Simon McKeon and looked at medical

research in this country. And again it drew the same conclusion; the same conclusion that the health system as we know it today is tracking on an unsustainable path.

They were the independent conclusions and the advice provided to government. Now, the problems since 1991, since 2007, 2008 have only compounded. And I think they were abrogated over the course of the last six years, and the responsibility of us in Government today is to deal with it. So I want to say directly to mums and dads and to pensioners and to people across the country today that we want to strengthen Medicare going forward, that Labor's mess as people know it in a more retail sense – in the failings in border protection or the mismanagement of the Australian economy otherwise – they were evident in the health portfolio as well.

And I have done my best over the course of the last eight months or so to try and address some of those difficulties, to try and address the ballooning of the bureaucracy within Australia. I have dedicated myself and the Government has to making sure that in this Budget, we can provide you with a Medicare system of which you can be proud; of which as you and your parents' age, it will provide you with the world class standard that you know today. That is the undertaking that we have given to the Australian people and all of the evidence supports the conclusions that we've drawn and the direction in which we wish to head.

We know that in relation to Medicare, which is much loved, not just by the Government but by the Australian public, that 10 years ago we were spending $8 billion on Medicare. Today, we will spend close to $20 billion per annum. In 10 years' time the figure will grow to about $34 billion. There has been a 42 per cent increase over the course of the last five years in the MBS alone, and if we want our children to have adequate access to GPs and to medical specialists going forward, then my view is we do have to make changes and structural changes – significant changes – within this Budget, so that we can meet all of those that will be present as our population ages; as we need to meet all of those future costs.

Think for a moment about genomic testing, which 10 years ago cost a billion dollars to map the DNA of somebody's body. Today it costs $1000 and it is on a downward spiral. No question about that. Australians, rightly, over the course of the next couple of decades will ask the Australian Government to provide support for that test to be conducted. Once the results are received and people understand that they have a predisposition to a particular disease, they will require the taxpayer through the MBS to provide support for those services.

There is no head room within the MBS for us to pay for those future costs. And Labor can pretend for as long as they like that you can provide all of these services to every Australian for free, but the Australian public knows that that is not sustainable. And a significant part of the reason that we were elected was to clean up Labor's mess. And I believe strongly in this Budget, through the introduction of a co-payment, through the announcement of a $20 billion Medical Research Future Fund, we go a long way towards saying to the Australian public that we have a better system and a better future.

If people cast their eye to the major items of expenditure within the health budget, it's important to note for all Australians, for doctors, for healthcare professionals, that

spending across the health portfolio increases year on year. So $65 billion this year will increase year on year. Public hospital funding across the country on average will increase by about nine per cent, over each of the coming three years and in the fourth year it will increase by about six per cent. That is a sustainable growth pattern, when the economy is growing at three per cent, but compounding growth of 10 per cent year on year in an agreement frankly that was cobbled together by Julia Gillard desperate to put pen to paper, was never sustainable – was never sustainable. And we have fixed up that Labor mess. We have increased hospital funding year on year so that we can provide the important services right across the Commonwealth.

Ten years ago, we were spending $7 billion a year on public hospitals. Today the figure is close to $15 billion. It's projected without changes in this Budget, to grow by 150 per cent over the course of the next 10 years, and any Australian knows that manages their own household budget or their own small business budget that that sort of growth is unsustainable. So we make those changes. We've also made changes in relation to the PBS. The PBS is an incredibly important issue for us to discuss as a nation for a couple of reasons. The first is that we have expenditure of just over $9 billion a year on PBS. So in public hospitals we are spending $15 billion a year, in PBS close to $10 billion a year. Now, over the course of the last 10 years that has grown quite substantially, but it is tracking on a sustainable path.

In this Budget, we say that we will increase by 80 cents the contribution that people pay from $6.10 to $6.90, the out of pocket for those who are on a concession card. We say for people otherwise that there will be a $5 increase and the reason that policy has been supported by governments present and past is because it has allowed sustainability to the PBS. Labor supported the PBS, they didn't call it a tax when people were making a co-contribution when they presided over the scheme, they called it a PBS co-payment, which is exactly the same principle that we apply in our changes to general practice, to out of hospital diagnostics and pathology otherwise.

If the same principle applies and sustains and makes strong our PBS system, one of the world's greatest medicine systems in the world, why would the Labor Party not apply the same logic to the MBS? The answer simply is because the Opposition has taken the opportunity to play politics with this issue, as is their right, in the aftermath of a tough first year Budget. My strong belief is that once we have a full and frank and honest discussion with the Australian people, they will understand what it is the Government seeks to achieve in this Budget. It is about sustainability, it is about strengthening Medicare as we grow older as a nation, and we want to maintain a world-class health system, quite unashamedly.
There are significant areas of expenditure within the $65 billion that the Commonwealth spends now, and it's important to note that that's at about 4.1 per cent of GDP, and the Productivity Commission estimates that that $65 billion will grow to about seven per cent of GDP over the coming years. It's important to note that, because relative to other countries, the $140 billion or so that we spend each year in this country is growing and growing each year and if you break down the components, we have gone through the NBS, we have gone through the public hospital expenditure, we've talked about medicines and we can talk about private health insurance, which is tracking on a sustainable path, and I say to those 12

million Australians who have private health insurance that we want to make sure that we can continue a good balance within the system.

If we go down Labor's path and the Greens' path to collapse private health surgeons in this country, if we ended at that point, the public system would be overwhelmed. So to take people from the public system if they have the capacity to contribute to their own health needs, is an important public policy and we honour that within this Budget. And we will provide more support as we go forward. It is absolutely crucial.

I wanted to make a couple of points in relation to the operation of the co-payment because I think it is an incredibly important discussion again for our country to have. We spoke about the issue in terms of sustainability of the MBS and the Medicare system, but as important in the discussion around the co-payment is the support that it provides to those within general practice. And so today, in addition to those mums and dads, I want to speak to the doctors and healthcare provider, particularly at a primary care level, around the country. When we said over the course of the last five years or so that we wanted to rebuild general practice, we were serious about it and we provide a down payment in this Budget, because we've increased by 300 places the number of GPs that we will train each year.

We have said to practices, particularly in regional and rural settings, that we will provide you with financial support to grow your existing practice, not provide borrowed taxpayers' money to set up a GP super clinic in competition with your existing practice, but to grow your existing practice, and not only that, to leverage off our investment to allow you to invest in your own practice so that the taxpayer gets the greatest possible efficiency for the money that we invest. Why do we want to do that? Because we do want to grow general practice, and we do want to see more training take place in those settings and that training can take place with that financial support to expand the rooms and the offerings that may not be there nor students at this point in time.

We also provide significant support through prevention measures otherwise that benefit primary care and the cause which is very noble and absolutely central to the theme of health in this country going forward, to keep people out of hospitals. We provide over $90 million in this Budget for biannual bowel cancer screening, which is important particularly in terms of early detection, and it's a conversation that we must encourage within general practice.

We provide that support in addition to $100 million through the sports side of my portfolio we will put into schools around the country, reaching about 5600 primary schools and almost 850,000 students so that we can talk about a message of active participation in sport, because sport brings incredible benefits, not just in terms of physical outcomes, but in terms of relationships, both at a personal level and at a business level. We think it is incredibly important for young Australians to be actively engaged in their communities and that starts not just at home, but in schools as well. I believe very strongly that we can leverage that investment with further support from the private sector and they are discussions that we will continue over the coming months. And I believe if we do that, we can help support general practice.

We provide in this Budget the opportunity to say to the marketplace, how can we better reduce the red tape burden on general practice? At the moment, we have a clunky payment system that is in existence for historical reasons only and we want to continue the work with the AMA, the college, and others about ways in which we can reduce the red tape through a new advanced technology system that will provide general practice with the same technology that many other retailers take for granted. If we can do that, we can continue to rehabilitate and grow general practice. We want to enhance it by looking at the scope of practice, so that we can make it easier for doctors to have a more meaningful conversation and consultation with their patients.

At the moment, I'm sorry to say, that some aspect of our health system around six-minute medicine means that in addition to the money that we provide through the consultation with the doctor, additional expense comes through the writing of a script, the referral to a specialist, the ordering of a service otherwise. In many cases, in the majority of cases, that is completely appropriate, but we want to make sure that it is necessary and in the patient's best interests going forward and that is the feedback from doctors around the country. They want to have, and particularly young doctors coming through, wan to have a more meaningful conversation with those patients. And I believe very strongly within this Budget we provide the capacity for that to take place, but the conversation in that sense has only just begun.

After we were elected last September we initiated discussions with the AMA, with the College of General Practice, and with stakeholders otherwise about how we might provide more support for patients, through, for argument's sake, the chronic disease plan, the way in which that provides support to people. At the moment, some doctors would argue it needs to change and be reformed and modernised. So these conversations are ongoing, but in the end they are all designed at enhancing primary care, making sure that we can keep people out of expensive tertiary settings if that’s clinically appropriate, we can enhance the offering to young doctors coming through that as a result of us winning government having doubled the number of medical places. Those doctors are graduating and we want more of them into general practice.

If we can build general practice through changes to the Medicare locals, of which there were 61, we now propose a streamlined arrangement of about 24 primary health networks which, at their core, will have as their aim, to support not oppose or compete with general practice. If we can do that, I really think we have the great opportunity to say to the Australian public, to the mums and dads, the doctors, and ultimately the Senate, that the changes we’ve provided are measured, they will provide a world-class health system going forward, they will provide balance in terms of those with the capacity to pay, being able to contribute the $7.

But I want to finish on this very important note. The centrepiece of our changes announced in this Budget in the health portfolio mean that we retain bulk billing, which is about retaining universality. Out of the $7, yes, $5 effectively goes into the Medical Research Future Fund, which is an incredible opportunity for our researchers, world class institutes and universities to be able to leverage off that investment to provide all of that support the health system will need going forward. $2 goes to the general practitioner or to the service provider otherwise, which we estimate will mean about $468 million of additional money flowing to doctors again to

help rebuild general practice and rebuild the primary care network across the country.

It's important that we've retained bulk billing, because doctors have a discretion today and they will have a discretion tomorrow. They will make a decision today about who it is that they bulk bill and who it is that they charge. But we know at the moment the 263 million free services a year for a population of 23 million is unsustainable.

And bulk billing is not and never was designed - go back to the words of Neal Blewett, it was never designed about trying to take market share from the doctor on the diagonal corner, it was all about trying to provide a safety net for those without capacity to pay. And for 70 per cent of non-concessional patients, we are currently being bulk billed, but it's unsustainable. And if we want to provide support as a nation, we would want to - it is within our DNA as a nation.

We want to provide support to those most in need and we do it in this Budget. We say to the Australian public, we hear you and we want to continue universality and support of those people that can't pay the $7. But, equally for me, for many people in this room and across the Australian society, we have the capacity to pay the $7, if we do that, we can strengthen Medicare going forward. And that's why I believe very strongly that the Senate should support the changes that we've provided. I think the independent Senators and the Senators with the balance of power after 1 July should listen to the messages of doctors and patients across the country that support the Government's aim to strengthen Medicare and to make sure that we have a world-class health system into the future. I believe very strongly that if they heed that message, they will be supporting changes of which we can all be proud.

I think the $20 billion Medical Research Fund, firstly, it's incredible that we can protect the capital. There have been capital funds over the course of the last six years which have been spent down, that were designed only to derive the earnings from and that would flow to higher education and medical research and health infrastructure otherwise. So we protect the $20 billion and I want the Australian public to know this, we will protect the $20 billion from being spent down, we won't allow future Labor Governments to touch that money. But out of the billion dollars over the next eight years, the billion dollars per annum that can flow, there are thousands of jobs for transforming economies, not just the health needs but the economic benefits otherwise.

That's why I think, ladies and gentlemen, we have provided good balance within this Budget. It's why I think it's a compelling argument for the Senate to support after July, and I want to thank very much all of those parents with whom I met this morning, parents with whom I've met over the course of last five or six years, people who send me emails on a daily basis about wanting support for their child or their loved one to travel overseas for an expensive operation, or a life-saving drug, or a cancer drug, a melanoma drug, that might cost $110,000 a year for us to list, but that we charge people less than $7 for to access through the PBS.

Peter Dutton: I want those people to know that we will strengthen our system going forward. But if we don't make changes today, if we don't make changes today, then Labor has tracked us on a path of unsustainability. And I believe, despite good

intent of the last six years in some aspects of Labor's proposals, and in particular of Mr Rudd's stance in 2007-8, they were not able to deliver. And the Australian public know one thing in particular about the last election: they voted for a Government that was able to deliver on fixing up the various issues that had been destroyed, effectively, by way of public policy over the course of the last six years.

We will embrace change, and necessary change, for the betterment of all Australians. And that's why I'm proud of this Budget. And thank you very much for your time today.

[Applause]

Laurie Wilson: Thank you Mr Dutton for those comments. We move on now to question time, and the first of our questions from our media members is from Joanna Heath.

Question: Joanna Heath from the Financial Review. Minister, I wanted to ask you about the medical research fund. One of your own Government MPs this morning, Dennis Jensen, criticised it as an example of incoherent policy which showed a misunderstanding of how science works. And he says it doesn't make sense to favour medical research over other areas of research that have been cut in the Budget. What do you say to that? And if you can't get your co-payment through the Senate, which is looking increasingly likely, what will happen to the research fund?

Peter Dutton: Well Joanna, you can't blame him for holding back. He's expressed a view, and that's fair enough. My view is very strongly that given that by 2050 in our country, there will be thousands of Australians each week who are diagnosed with Alzheimer's, or dementia, or diseases of the brain otherwise, that it's incumbent upon us to enhance the medical research investment of 8 or $900 million a year that we make now. And I make no apology for that whatsoever. I think if you look to the medical institutes here, and the success that we've had through the institutes and the universities over the course of the last couple of decades in particular, but well before that, I think we have the critical mass, and I think we have the capacity, to take medical research in this country to the next stage.

As economies transform away from low-cost manufacturing industries, there is not a wage disparity that we can't address in relation to that which may be paid to scientists, and some of the smartest people in the world in our competitor Asian markets. And I think we have a great capacity to grow that sector. The sector otherwise is an incredible export earner, about $4 billion a year for our country, and I think that is another reason why we should support this particular measure.

Now we have had round tables - on Saturday, the Prime Minister and I were at Samry in SA, that is an economy and a population that will benefit greatly from the money that can flow from medical research. We were in Brisbane at the TRI last Monday week, and we met with Ian Fraser and people he's collaborated with there. And I have to say there is overwhelming support from the medical research community around the country, and we will work with the community to see how it might be that we can further leverage that investment which the Commonwealth is

prepared to make, both in terms of the philanthropic support and support from pension funds and others that may be willing to invest in the space.

So I think there is necessary, absolutely necessary health gain out of that money which we can put into medical research with an ageing of our population. But I also think people shouldn't underestimate the economic benefit that can flow from it. Medical research in our country has grown by 12 per cent a year over recent years. And despite the fact that Labor tried to pull out $400 million from medical research in 2011, we went to the last Budget promising $200 million extra for dementia research, and $35 million for Type 1 Diabetes clinical trials, in addition to the money which we've promised in this budget. And I think we should, as a country, be very proud of that. And people will, at the margins, have gripes about different things, but my sense is that there is overwhelming community support for a sensible measure.

Laurie Wilson: Do you see a plan B though, if the co-payment does not get through?

Peter Dutton: This is the co-payment. So we believe, strongly, firstly that the $5 of the co-pay, which goes to the medical research fund, is an important public policy outcome. The $2 which flows to the GP, supplements the income the GP now receives through Medicare. So we have a windfall to general practice, and to providers otherwise. And we believe that that will sharpen the focus of bulk billing on to those patients who don't have a capacity to afford the $7. So I think it's an important structural change from that sense. We didn't accept the $15 as proposed by the Commission of Audit. We didn't go for the $17.50 as is the case in New Zealand. We didn't go for a higher co-payment as it exists in some parts of Europe, and some states within the United States. We decided that $7 was a fair pricing point. That's the policy that we have decided upon, and we will fight very strongly for it because I believe it is the only way that we can strengthen Medicare going forward.

Laurie Wilson: [Indistinct] move on. Paul Cross.

Question: Minister, Paul Cross from PharmaDispatch. My question's actually about the National Commission of Audit. It made some reasonably dramatic recommendations in relation to health – particularly in relation to pharmacy, PBS, expanded role for private health insurance. What's the status of those recommendations? The Minister- Minister Cormann issued a statement on Budget night saying some of those matters were still under consideration. So what processes, if any, have been established within your department, and within the Government more generally, to manage those processes? I think he said they were undergoing, sort of, further review?

Peter Dutton: Well I'll let Minister Cormann explain the whole of Government approach. But the approach from my perspective I think is in first part to provide our response through the Budget. So the Commission of Audit suggested some radical departure, effectively, from the Medicare system. What we say in this Budget is that we want to strengthen Medicare - similarly in relation to the work of Christine Bennett, where they recommended Medicare Select, but essentially that was a walking away from Medicare as people would know it today.

So we have taken a deliberate policy decision that we will stick with Medicare, accepting that the growth is unsustainable, but prepared to make the changes to strengthen it and make it sustainable into the future. So I think our response in the Budget has addressed some of what the Commission of Audit had recommended. And then we have internal processes that in due course will publicly release our response to other aspects by way of- in terms of what the Commission of Audit has recommended.

Laurie Wilson: Andrew Tillet.

Question: Andrew Tillet from the West Australian newspaper, Mr Dutton. You've said that the co-payment will cut the number of doctors visits by one per cent, but your colleague, Dr Andrew Laming, told the party room yesterday that he thought it would be close to three per cent, sort of based on his conversation with medicos. How confident are you on those figures? And secondly, just with indulgence, on a question about immunisation, the Liberal Party's Federal Council will debate a motion put up by the WA branch that the conscientious objector exemption be removed for people getting their kids immunisation so they still get family payments. What's your thoughts on that?

Peter Dutton: Well just on the first part of your question, people have expressed different views. I read in the press somewhere yesterday, that waiting rooms were empty within general practice. Now, I would be interested to have a look at those particular practices and allow Medicare the capacity to audit yesterday's numbers of patients that went through some of those practices, because I suspect that some of those claims are a little overblown. And the modelling that we've done shows an increase in the number of GP presentations, even with the changes that we have made, over the course of the next couple of years. There will be, on the modelling that we've done so far, an estimate around one per cent of people who won't present to general practice, and we say that in year two that drops off to about half a per cent.

There was work recently done by UBS, which as I understand it talked about collectively the changes we are making, meaning a four per cent increase to the general practice model going forward. So I suppose people have their own views, and that's the modelling that we've done. As I say, we didn't accept the 15, or $17.50, or $20. We have priced it at $7 and we've allowed $2, which cumulatively means almost half a billion dollars flowing back to the doctor network.

In relation to the second part of your question, we, when in government, increased immunisation rates from about 52 per cent up to 90 per cent by the time we left government in 2007. And it's an area of great interest to the Coalition because we believe very strongly that Australian children should be vaccinated, and we are working - and I've publicly declared this before - that Minister Andrews, Minister Leigh and I are working on what our response might be by way of the next step. Because it is important to make sure that we can get herd immunity, and make sure that we can get greater coverage, particularly in some pockets where at the moment numbers have fallen away quite dramatically.

So, we are keen to do that, but if you look again over the course of the last couple of years, Labor removed incentives and payments to general practice for immunisation. And so I won't be preached to, or lectured to, by the Labor Party on immunisation.

Question: It's your own party that's saying get rid of the exemption.

Peter Dutton: Sure, but that is a separate argument to what the payment model, if you like, or the incentive model. So, that is an argument about family tax benefit and other issues. So it's a nuanced discussion, but I'm happy to have it, but I've seen some comments by the Labor Party in the last 24 hours as well.

Laurie Wilson: Next question from Sid Maher.

Question: Sid Maher from The Australian, Mr Dutton. I probably should ask why a Queensland MP's wearing a blue tie on State of Origin day. Look um-

Peter Dutton: Part of the uniform Sid, you know that. We all wear blue ties.

Question: Look I've actually got- we seem to be making good time, but I've actually got two questions for you on totally different subjects. My first question is about another Queenslander, Clive Palmer. Now, Colin Barnett today- Colin Barnett yesterday said that Clive Palmer was damaging our relations, Australia's relations, with China through his business conduct and his propensity to take legal action against partners. Firstly, I'd be very interested in your opinion on that. Secondly, just back to health, there has been a lot of talk around the way the co-payment interacts with people, say they have a lump on the breast, they might have to have nine visits to the GP to get to a certain point, people with heart conditions, et cetera have particular numbers of visits to GPs. Is there any room for compromise on how the safety net interacts with the co-payment system as a way to maybe soften some of the opposition to the co-payment idea?

Peter Dutton: Well Sid, as the Health Minister let me skip straight to the second question. I will let Premier Barnett comment in relation to Mr Palmer. The only comment I would make is that Mr Palmer has obviously been a successful business person, and I believe that there is one of two options available in the Senate. The first option is the Greens option, which is to block everything and negotiate on nothing. So essentially to be obstructionist. The second model is similar to a Democrat-type model, or somebody who is willing to add to or improve - in their eyes - the policy that's before them. And that's really a decision for Mr Palmer.

In relation to the second question that you put. Now, access is incredibly important. It's incredibly important, because we don't want to deter people from going to see their doctor, which is why we've priced at $7 and not $15, the co-payment. It's why we've kept bulk billing, and it's why we say to people that once you have achieved 10 services, not just going to the doctor, but also across diagnostics and pathology out of hospital otherwise, that if you are a concession card holder or under the age of 16, we will provide you with the ability to go back to being bulk-billed.

Now, doctors have discretion now, and they have discretion going forward, and it's an important principle. We don't operate an NHS similar to what happens in the UK,

where we employ or conscript, or otherwise dictate to doctors. I don't believe that's what doctors want, and it's not what I want. But also bear this in mind: there are 8.6 million Australians who have a concession card out in this country, out of a population of 23 million. Now some people say well, exclude from the co-payment the 8.6 million Australians who have concession cards, or exclude people that have chronic disease. Now there are numbers of ways in which you can slice and dice this, but invariably what happens is you add an enormous layer of complexity, and red tape, and administration to general practice. And I think that is counterproductive.

You saw it in years past in terms of the family tax benefit debate, where in a casualised workforce where people get bonuses, and there is superannuation payments, and other discretionary income, that people's income can fluctuate – excuse me – can fluctuate under and over thresholds each year. Now, I think that adds a layer of complexity then ongoing as to who is eligible for services and who is not. And by allowing the discretion around illness and affordability to rest with the GP - yes deliberately putting the finances in place that allow people to be incentivised to charge the co-payment, is a feature of the system - but it allows bulk billing to get back to what it was originally intended to do. And that is provide support for people that can't afford $7. And as I say, that's what Labor believed in when they had heart in the 1990s, and it's what Kevin Rudd, I believe, was getting to in 2007-8 before he was unceremoniously chopped off at the knees.

Laurie Wilson: Question now from Adam Bennett.

Question: Hello Minister. I was just wondering if you'd seen reports, and I wanted to get your reaction to reports, that the Queensland Government was considering free vaccination clinics because of concerns about the co-payment. And I also wanted to know if you could guarantee that rates would not fall as a result of the co-payment?

Peter Dutton: Well I haven't- sorry I have seen the reports. I haven't seen the detail from the State Government in Queensland, but I've seen the media report, so, of it and obviously at the moment the Commonwealth provides a lot of money - not just through the MBS but to hospitals to provide public services. We also provide an enormous amount of money through Medicare locals that provide support to delivering services that traditionally may have been undertaken by State Governments or councils, and it's part of the reason that the Federation White Paper is incredibly important, because the dysfunction really that split of responsibilities between the levels of Government, both in terms of funding and service provision, is very difficult going forward.

I mean there is no question health and education are the two hot points where this really plays out. So I'm conscious of it in the health space, and if Queensland decide that they want to put more money into Rural Services, for argument's sake, to detect prostate cancer, whatever services that they fund now, I mean if they take a decision to put more money into individual health outcomes or investments that they deem necessary to make, that is an issue for the independent states.

Now, the point that I'd make is that we're putting record amounts of money into health each year, including into prevention programs, and I believe very strongly that

parents like me, and millions of Australians otherwise, are prepared to pay the $7 for their children to be immunised. And I believe as a result of the $7 that I pay, that $2 of that will go to the GP to allow that GP to make a decision to bulk bill, whether it's for immunizing or seeing somebody who has a need otherwise that can't afford to pay the $7. I actually think that's a justifiable outcome, and it's something that is going to strengthen Medicare going forward. I think that is a reasonable, measured approach, and that's why I think people should support it.

Laurie Wilson: Anna Henderson.

Question: Minister, Anna Henderson from ABC News. You said this week you're not for negotiating on the co-payment, but the Treasurer seems to be suggesting the chronically ill might have a blanket exemption. I'm wondering if that is in fact the case, or whether or not there would be also be consideration of an exemption on a blanket level for children and low income earners, whether that is a point of negotiation for you in the Senate. And just briefly as well if you could comment on whether or not you- how seriously you considered the Medicare Select model before the Budget? Thank you.

Peter Dutton: Well just to deal with the first part of your question, I don't think that accurately reflects the Treasurer's comments. The Treasurer was making comment in relation to a patient with a chronic disease, defined at the moment by somebody who has a condition which may have a duration- have had a duration of longer than six months, or may have a duration of longer than six months that presents to the doctor. The doctor can then draft a care plan, which can include a team care plan. Now, effectively the up-front payment to the doctor is about $250. Now some doctors, as I say, have said to me over the last couple of years - and I think the AMA, and the college, and others have expressed concern about it as well - about whether that front-end loading of that particular item number is the most appropriate way to deal with that patient.

Now, the co-payment arrangements don't affect that initial consultation. In fact there's still a bulk billing incentive at the $6 or $9.10 that can apply to that item number. And it's with the doctor to decide whether or not they bulk bill patients in that arrangement. Now the discussion was about the subsequent visits. So if the plan says we want you to come back and see the doctor six times over the course of the next 12 months, the discussion then is about whether or not those subsequent visits would be bulk-billed. The same principle applies, as it does with other consultations under what we propose starting 1 July of next year, that is if the doctor deems that the patient can pay the $7, the patient will be asked to pay the $7. If they can't pay the $7, then the decision will be with the doctor as to whether or not they bulk bill - exactly the same as it operates now. And as I say, I think it's measured, I think it's appropriate, and I think it's affordable. And I think that's what will give us the sustainability that we need going forward.

Question: Just picking up on that idea of where or not you'd be considering negotiating a blanket exemption or some kind of negotiating point on young people or low income earners in the Senate when you're talking to the Greens, to Labor, and the Palmer United Party?

Peter Dutton: I made my comments yesterday that you faithfully reported just a moment ago in relation to negotiating, and I'll leave it at that. And sorry the second part of your question-

Question: Just on Medicare Select.

Peter Dutton: Medicare Select, yes.

Question: How seriously you considered it.

Peter Dutton: Well look, we had a meetings with Christine Bennett, with some of the commissioners otherwise, we looked at whether or not it was worth disrupting, essentially, the system as we know it today to bring in Medicare Select. And ultimately the decision, as I say, that we took was that we wanted to enhance Medicare. Now, Christine Bennett said, the independent expert said, that the current health funding was unsustainable. Simon McKeon, as an independent expert, said that health funding was unsustainable. That was the advice from those two experts to the Labor Government. Bob Hawke said in 1991 that it was unsustainable, and that his co-payment, as introduced in '91 at $3.50 – incidentally, if indexed would today be $6.40 - that that wasn't an unreasonable amount to ask from patients.

And I believe that we have heeded all of that advice, and we've had the guts to implement the changes that will strengthen Medicare. And that is the difference between Labor and the Liberal Party in this debate. And we will work with our partners in general practice, with the AMA, the college, and others, to look at ways in which we can provide support to keep people in a primary care setting, if that's appropriate, out of tertiary hospitals going forward, essentially the principles espoused within the Bennett review, and we will work with the stakeholders to make sure that we can address concerns. But we won't be doing that within the $7 co-payment structure. We can work with the AMA and others around the chronic disease plans, for arguments sake, as I said before, and that discussion started after were we elected. It hasn't started since Budget, and we are keen to continue those discussions.

Because the AMA, as I understand their position, have not come out in opposition to the principle of a co-payment - neither Dr Hambleton nor Dr Owler. They've got concerns that they want to discuss with us, and we're happy to discuss those concerns. But we have provided a balanced package, and we will stick to that balanced package.

Laurie Wilson: Move on now to Dan Harrison.

Question: G'day Minister, Dan Harrison from The Age newspaper. I think the last time that you spoke at the club was last year for the pre-election debate on health in August, and at that time you said that the Coalition would deliver the same level of funding that Labor had promised for public hospitals over the forward estimates. Putting aside the commitments that Labor made outside the forward estimates, the Budget does include significant reductions in funding for public hospitals, including in years that were then considered the forward estimates. So how do you square what you said then with what's in your Budget?

Peter Dutton: Well Dan, I just take you to the figures. The figures are, as I say across the portfolio, that we increase health funding, we don't decrease it, which was an election commitment that we made. We also said that we would provide an increase in hospital funding, which is what we've done, and the growth rate is at nine per cent each year over the course of the next three years. What we've been sceptical about is that some of the states have been overstating the amount of activity within their hospitals.

Now people will cast their mind back, I know it's not convenient for some to do this, but cast your mind back to when Julia Gillard took over from Kevin Rudd. She promised that she'd would fix border protection, she promised that she'd fix the carbon tax debacle, she promised that she would get the healthcare agreement that Rudd, whilst he'd done a lot of work on, couldn't get pen to paper. And essentially what happened when the weeks went by, no agreement was struck. Even the Victorian Premier at the time was not of a mind to support his Labor counterpart, in the then PM Julia Gillard. So what happened was Labor threw an enormous amount of money at the agreement. And it was unsustainable because the money was contained into the out years.

Now, we are happy to pay for services that take place within public hospitals, but we're not providing guarantees for services that don't take place within public hospitals. Because what that means is, as has happened over the course of the last couple of years, the hospitals in some states overstate their activity, and when you dig a little deeper into what's happening in the hospitals, they are receiving money for not seeing patients. And we're saying, over the course of the next three years, if you do that extra activity we will meet our obligations under the agreement in terms of our funding commitment. I think that is perfectly reasonable and consistent with what we said before the election. We also said that we were sceptical about reward payments, and it's evidenced again by the fact that many states haven't achieved the outcomes as promised but still received reward payments.

Again, why? Because Julia Gillard was desperate not to get sustainability into the health system, but because she wanted to get people, Premiers around the country, to sign up to an agreement that was unsustainable. And I think people now, in the light of the day, having examined all of the facts, understand that. So yes, we increase health funding- hospital funding by nine per cent over the next three years, and then from 1 July 2017 we say that we will increase it by a fairer indexation rate, which is CPI and population growth, which will be around six per cent, a bit over six per cent in that year. And we believe very strongly that removing the shackles of Federal intrusion in the way in which activity takes place within hospitals at a state level will be a significant savings to the states otherwise, which is the main group of health ministers, both Liberal and Labor.

And I think we allow the States to do what they've been elected to do. They own the hospitals, they employ the staff, and shouldn't be run out of Canberra. And that's a very definite direction we have taken in this Budget from 1 July 2017. And I'm very proud of the fact with the economy growing we have still been able to promise nine per cent year on year growth in hospital funding over the next three years, and six per cent in the year 2017-18.

Laurie Wilson: Minister, we're getting close to time, and I know you have to get back to Parliament, but I would like to take two more questions before we finish if possible. The first from Tory Shepherd.

Question: Tory Shepherd from The Advertiser. Medicos say that when money is tight you need to have a conversation about rationing of care, particularly in expensive areas like neonatal care. Is that something the Government has ever discussed, or would ever be willing to have a conversation about?

Peter Dutton: Well Tory, to be honest, my sense is that is where the health system is heading now without the changes that we're proposing. I honestly believe that with an ageing of the population, with an expectation - not just of baby boomers but Gen X and Gen Y which will only grow in years to come – expectation about early access to services, expectation about the latest medical technologies, as I say that don't come with a productivity gain but come with a much greater expense year on year.

People want life-saving medicines to be listed, and listed quickly. People want to make sure that the medicines that, once applied to a population of cancer sufferers that will now apply to a smaller population, will be listed as we go forward. And the research dollar, which is as significant as it was for the broader population to conduct, is the same for the smaller population, so it means that you've got a higher per-capita cost to deliver that drug. People will want all of those services funded going forward.

Now, Labor has identified that and recognised that in the past. We recognise it, the difference is we've acted upon it. And we've made difficult decisions in this budget that do ask people to contribute. But by contributing, we can build. And we can build a sustainable system going forward. And if you don't heed that advice, Labor's own independent advice, people know that there is a much more severe reaction required from governments in years to come. It's exactly the same principle that we've applied to the debt and deficit disaster that we've inherited. People know, people know, that you can't borrow a billion dollars a month to repay the interest bill. And if we do nothing about Labor's debt and the trajectory that we're on it goes to $2.8 billion a month of borrowed money, just to pay the interest bill within ten years time.

That is all unsustainable. And I believe very strongly that what we do here is provide us with the ability not to ration, but to say that we have one of the world's best health systems that might be manageable this year, and maybe next year, but if we want to set it up for a decade to come, or for a generation to come as we do with the Medical Research Future Fund, I believe very strongly that people should look at the detail within this Budget, and if they do so I believe very strongly they'll embrace it.

Laurie Wilson: And our final question today from Sue Dunlevy.

Question: Sue Dunlevy from News Corporation. Minister, earlier this year the only bulk billing clinic in Wangaratta introduced a $10 GP co-payment. They had to abandon that within a month because so many patients stopped going to the clinic for healthcare. Have you considered that one of the perverse outcomes of your policy

might be that some clinics, particularly in Western Sydney, can't afford to introduce a $7 co-payment? They're not going to want to take a hit to their bottom line, so they'll be asking their patients to come back more often to keep their income up, and that in fact the Government and taxpayers may end up spending more money on the MBS rather than less. What safeguards do you have in place to ensure that doesn't happen?

Peter Dutton: Well Sue, in part you described the features of what the system is about now. So a fee for service model will always give rise to some of those concerns that you have. So in part your argument is that we should have a capitation payment as the sole remuneration, or we should employ doctors, or they should be a salaried arrangement as operates in the UK - the Government's not going down that path. The previous Government may have had model of setting up GP super clinics to disrupt GP practices, and to try and send some of them to the wall – that is not the policy of this Government.

Now, if you apply a price to a particular service, absent your competitors applying that price, then you can have the sorts of outcomes that you're talking about. So if the practice applied a $10 payment, but the bulk billing practices around that, or within a particular catchment-

Question: [Indistinct].

Peter Dutton: Within a particular catchment, if that's the decision that they make then you will see that change. But if there is a societal change, or if there is a policy change which means that the same rules apply to each practice, then I believe we address some of those concerns that you raise. Now, we are prepared to have a discussion with the stakeholders about ways in which blended payment models can work going forward. I think it's a ridiculous situation in our country, given that half the population has private health insurance, that the first thing insurers know about is when I turn up to an emergency department with a heart attack and they get the bill for the anaesthetist and for the hospital stay. I believe very strongly that their money is wisely invested earlier in the process, invested earlier in the process so that they can help me address some of my lifestyle choices which might prevent me from becoming diabetic, or from suffering from heart disease otherwise, whatever the case might be.

So there is a broader conversation about payment models and ways in which we can provide support going forward, but the $7 co-payment is central to sustainability of the system otherwise. And I think if you've got a willing doctor, you've got willing patient and a willing insurer under the current legislative arrangements that we have, I think there is an opportunity for us to invest in what is effectively is great prevention, because the insurers have the technology to track where a good dollar is being spent and a bad dollar wasted, and they also have the ability to have their own skin in the game, which will result in better outcomes for those patients.

So it can supplement the money that we're putting in by way of the MBS, and practice incentive payments, and the billions of dollars that we provide through general practice otherwise, and the primary care system more generally. So these are issues that we've considered, and we believe very strongly that the $2 going

back, and the $500 million windfall effectively to general practice, will help them change some of the business model.

But, I close on this note. Bulk billing is an important part of the system today. It is central to our system going forward. It will be provided to those who are most in need, without a capacity to pay the $7. But for people with means, and on high incomes, we should be asking those people to contribute so that we can strengthen, modernise, and sustain Medicare into the future.

Laurie Wilson: And we will have to finish on that note. Thank you very much.

[Applause].

Mr Dutton, thank you very much for time today, we'll let you get back to the Hill, and that other job you have other than addressing the public but addressing the Parliament. So thank you again, we look forward to seeing you again in the future. And also congratulations to our winners today, particularly Sonya Pemberton, Health Journalist of the Year.