8

Healthcare or Medicare?

8.1 This chapter looks at the background to the move away from Medicare and the setting up of Healthcare by the Norfolk Island Government, in the context of its quest in the 1980s for full responsibility for public health matters. It describes the health insurance situation as it now exists and makes comparisons between health cover on Norfolk Island and the mainland. It also describes various options for an alternative system of providing health cover, including reintroducing Medicare in some form. Equity issues relating to Healthcare are discussed in Chapter 4.

The move away from Medicare

8.2 At the commencement of the *Norfolk Island Act 1979* health was a function retained by the Commonwealth. When Medicare began in 1984 the inhabitants of Norfolk Island were not eligible under the newly amended definition of 'Australian resident' in the *Health Insurance Act 1973*. However, an order under subsection 6(1) of the Act made visitors entitled to stay more than six months eligible for Medicare, which meant that most Norfolk Islanders were eligible for Medicare on the mainland. A new section of the Act meant that benefits were also payable for medical, although not hospital, services rendered overseas, which included Norfolk Island.

8.3 In the mid-1980s, as part of a drive towards self-government, the Norfolk Island Government sought further legislative and executive powers, including full responsibility for public health matters.

8.4 Subsequent negotiations between the Commonwealth and Norfolk Island Governments resulted in a Memorandum of Understanding, under which mainland visitors would be eligible for free hospital treatment on Norfolk Island, and Island residents would be eligible for free medical care on the mainland under Medicare.

8.5 However, as it was found that Norfolk Island residents made far greater use of Medicare than visitors did of the health care facilities on Norfolk Island, the proposal for reciprocal health care did not proceed. In March 1988 Commonwealth health authorities advised that an agreement for reciprocal health care could only be contemplated where there were negligible costs to the Budget, comparability of health care systems and equality of access.[1]

8.6 Later in that year changes were made to Medicare eligibility and entitlement. Norfolk Island was deemed not to be a part of Australia for the purpose of the *Health Insurance Act 1973*, which meant that residents of the Island would not be eligible for access to Medicare from as from 1 January 1989. Key amendments to the Act included:

- restricting access to Medicare to persons with a legal entitlement to reside permanently on the mainland, and who actually lived there;
- excluding from Medicare Australian citizens living abroad from January 1989 (except those from countries with reciprocal agreements); and
- withdrawing Medicare benefits for medical services rendered overseas (including Norfolk Island).

8.7 To allow time for the Norfolk Island Government to make arrangements for an alternative health insurance scheme, the Commonwealth agreed to delay the effect of the legislative change until 30 September 1989, effecting this through a temporary Ministerial Order under subsection 6(1) of the Act.

8.8 A package of Norfolk Island legislation to establish the Norfolk Island healthcare scheme was assented to on 19 December 1989. Since that time Norfolk Island has had its own health care system. It is not known how the original costing of providing a health service was calculated, but for the health insurance scheme, the predicted annual cost was simply divided by the number of people on the Island, to produce an annual levy of $260 per adult.

8.9 A referendum conducted in 1989 by the Norfolk Island Government on the question ‘Do you support the Healthcare scheme?’ had a seventy per cent affirmative vote. The Department of Transport and Regional Services informed the Committee that residents supporting the ‘yes’ case argued that there was a need for a scheme to cover catastrophic medical costs with no upper limit which private health insurance might impose. Residents supporting the ‘no’ case argued against the compulsory nature

1 Department of Transport and Regional Services, Submissions, p. 91.

of the scheme, the fact that elderly and infirm residents could not afford both their existing private cover and the compulsory scheme and that if the scheme failed or was discontinued they would be unable to obtain suitable private cover.

8.10 The House of Representatives Standing Committee on Legal and Constitutional Affairs recommended in its 1991 report, *Islands in the Sun – Legal Regimes of Australia's External Territories and the Jervis Bay Territory*, that the scheme be evaluated by the Commonwealth in the future to ensure the adequacy of health care provisions on Norfolk Island.

8.11 The Commonwealth Grants Commission inquiry concluded in 1997 that health insurance on Norfolk Island was being provided at well below mainland standards. It noted the lack of reciprocity between the Norfolk Island and Commonwealth Governments, the problems that this caused for both Norfolk Island residents visiting the mainland and mainlanders visiting Norfolk Island, and regretted that discussions between the two governments to overcome the deficiencies had come to nothing:

> We believe that negotiations should recommence as a matter of urgency. They should consider how the service can be improved, which government is best placed to provide it (either itself or under contract with the other government) and how the costs should be shared.[2]

8.12 The Grants Commission also commented on the advantages of national objectives for certain services which, on the mainland, ensure that the state governments address the provision of minimum standards of service for some groups in society, particularly the disadvantaged.[3]

The health insurance situation today

8.13 The annual Norfolk Island Healthcare levy is now $500 per person, with a maximum payment of $1000 per nuclear family. Membership is compulsory for all people over eighteen years of age, including those on Temporary Entry Permits who express an intention to reside on the Island for more than 120 days. Approximately 300 non-residents working or staying on Norfolk Island, while covered by the Healthcare scheme, must also provide Norfolk Island immigration authorities with evidence of adequate health cover under private health insurance or Medicare for expenses not covered by Healthcare. The only exemptions are for those who receive a Norfolk Island or Veterans' Affairs pension, those who can

2 Commonwealth Grants Commission, *Report on Norfolk Island 1997*, pp. 210-211.

3 Commonwealth Grants Commission, *Report on Norfolk Island 1997*, p. 210.

show that they have sufficient private insurance and those who have earned less than $3500 in the six months preceding a levy payment date.

8.14 The Healthcare scheme is intended to meet 'catastrophic' medical costs. Reimbursement is only made when approved medical expenses exceed $2500 for a nuclear family in a financial year. The Commonwealth Grants Commission noted that, including the cost of non-allowable items, a family might spend more than twice this amount before being eligible for reimbursement. The DOTRS submission to this inquiry advised the Committee that the Norfolk Island Government's own projections in 1996 showed that Healthcare normally pays a maximum of $1800 out of every $3000 spent by a member on medical services.[4]

8.15 Approved costs include hospital, medical and outpatient treatment and diagnostic, laboratory and specialist services on Norfolk Island, hospital and medical treatment on the mainland or in New Zealand when referred by an Island doctor, pharmaceuticals, optometry, medical appliances, and various services such as physiotherapy up to a limit of $200 a year. There is no cover for dental costs, speech and occupational therapy and cosmetic surgery. In addition, the scheme does not cover treatment outside Norfolk Island without a referral from an Island doctor, accidents or illnesses that started outside Norfolk Island, and pre-existing conditions for five years after joining Healthcare. The scheme reimburses only $200 per year of the cost of travel to the mainland for treatment.

8.16 Submissions to the Commonwealth Grants Commission were critical of guidelines issued by the Executive Member on the circumstances in which the doctors should provide referrals for offshore treatment. The Commission argued that decisions should be the sole responsibility of the medical officer, that the guidelines were too restrictive and that their primary aim was to limit the expenses of the Healthcare scheme.[5]

8.17 The submission from the Norfolk Island Hospital Staff Association to this inquiry also commented that the system of providing referrals needed reviewing, including making it more 'user friendly'.[6] The Committee believes that all decisions should be made by medical staff, to allow for the best medical outcome for the patient. If this policy is not adhered to, the Norfolk Island Hospital Enterprise, and ultimately the Norfolk Island Government, will become vulnerable to legal action.

8.18 Medicare is available, legitimately, in several ways, which allows some of the financial burden of health service provision to be passed on to the

4 Department of Transport and Regional Services, Submissions, p. 76.

5 Commonwealth Grants Commission, *Report on Norfolk Island 1997*, p. 90.

6 Norfolk Island Hospital Staff Association, Submissions, p. 33.

Medicare system.[7] People who move to Norfolk Island to live remain eligible for treatment on the mainland for five years. Residents who undertake full-time study on the mainland are also eligible for a Medicare card. Residents who develop conditions requiring expensive or specialist treatment not available on Norfolk Island can legally access Medicare by exercising their right to reside on the mainland. To obtain a Medicare card they would have to establish residence through appropriate documentation.[8]

8.19 The Australian Taxation Office advised that for Medicare levy purposes, residents of Norfolk Island are not treated as residents of Australia. The *Income Tax Assessment Act 1936* provides that a Medicare levy shall be paid by an individual who is a resident of Australia at any time during the income year, based on their taxable income. An Australian citizen, resident on Norfolk Island, is not liable for the Medicare levy. The test for residency for Medicare levy purposes differs from the test for Medicare benefit entitlement, which is a matter for the Health Insurance Commission.[9]

8.20 DOTRS referred to anecdotal evidence that some Norfolk Island residents possess Medicare cards which they use to claim benefits for mainland medical services and pharmaceuticals to which they are not entitled.[10] Such evidence suggests that misuse is widespread. However, the Committee has neither the requirement nor the resources to quantify it.

8.21 The Department of Health and Aged Care noted that some residents of Norfolk Island who no longer reside in mainland Australia continue to have legitimate access to Medicare by virtue of a Ministerial Order (which ceases to have effect on 31 December 2003) under the Health Insurance Act. This allows Australian citizens who are absent from Australia to access Medicare for any return visits for up to five years from the date they were last resident for Medicare purposes. Residents eligible for Medicare under the Ministerial Order are generally not liable for the Medicare levy, regardless of their ability to access the Medicare arrangements or their level of income.[11]

8.22 Other witnesses raised concerns that Australian citizens may pay taxes on the mainland during their working lives and then not be able to access Medicare when they retire to Norfolk Island. This category of residents is likely to continue to expand since the rules for General Entry Permits were

7 Department of Transport and Regional Services, Submissions, p. 82.

8 Department of Transport and Regional Services, Submissions, p. 82.

9 Australian Taxation Office, Submissions, p. 141.

10 Department of Transport and Regional Services, Submissions, p. 82.

11 Department of Health and Aged Care, Submissions, p. 117.

modified in 1996 to allow people with sufficient financial backing to retire to Norfolk Island. The Legislative Assembly sets a variable quota, which in 2000 was 45 and in 2001 is ten.

8.23 Such a large increase in a generally older age bracket, if sustained, could have a profound impact on Norfolk Island's health system in the future, as well as result in an increasing number of former and continuing Commonwealth taxpayers who have no access to Medicare. The Norfolk Island Government estimated that the number of Temporary Entry Permit holders and General Entry Permit holders who may be eligible for Medicare benefits, having been absent from Australia for less than five years, would constitute twenty per cent of the community. A conservative estimate of Commonwealth superannuants on the Island and others contributing to the taxation system in Australia was 100 individuals, which equates to another five per cent.[12]

Case Study – Mr Russell Beadman [13]

Mr Beadman, a retired Commonwealth public servant who paid taxes and contributed to a government superannuation fund throughout his working life, has been a resident of Norfolk Island since 1986. Despite his many years of paying Commonwealth income tax (he still pays it on his superannuation pension), he and his wife are not eligible for Medicare benefits for any services either on the Island or the mainland.

If it were not for his recently acquired DVA Gold Card he would be liable for the Island's $500 Healthcare levy and all medical expenses up to $2500, which is the situation for his wife. Both also contribute to a private health insurance fund on the mainland that will no longer cover them fully for hospitalisation costs on Norfolk Island or for doctors' services on the mainland. Without the DVA entitlement, Mr Beadman and his wife would be paying about $4500 a year for less than adequate health insurance.

Mr Beadman believes that as a taxpayer he should be covered by Medicare, and also be able to claim the thirty per cent health rebate on mainland taxation for which a Medicare card number is needed. Although retired for nearly twenty years, Mr Beadman expressed his willingness to pay the 1.5 per cent Medicare levy if it would enable his wife to have access to Medicare.

12 Government of Norfolk Island, Submissions, p. 147.

13 Mr Russell Beadman, Transcript, pp. 80-86.

8.24 The experience of another witness demonstrates the possibly negative impact on the Island's main industry of the present health insurance situation. A mainland health fund would not provide cover for a visit to Norfolk Island, despite membership of approximately fifty years. When cover was sought with two other insurance companies one declined and the second offered limited cover excluding any pre-existing conditions. As a result the proposed seven day visit to Norfolk Island did not take place.[14] The inability to find travel insurance to cover pre-existing health conditions is a common experience for older tourists who, in the case of Norfolk Island, form by far the largest category.

Healthcare and Medicare – some comparisons

8.25 The Commonwealth Grants Commission made a useful comparison between conditions and cover provided by Medicare and the Pharmaceutical Benefits Scheme (PBS) and the Norfolk Island Healthcare Scheme. Under Healthcare:

- claims for reimbursement can only be made when approved medical costs exceed $2500. Under Medicare and PBS, no minimum expenditure threshold applies to claims;
- all residents 18 years and over must contribute to the scheme, unless they are pensioners, have sufficient private health insurance or earned less than $3500 in the six months before a levy day. The figure for a couple is $7000, notwithstanding that there may be only one income earner. Under Medicare, only taxpayers contribute to the scheme;
- the annual levy is a flat rate of $500. Medicare is indexed to income, with the levy generally 1.5 per cent on incomes over $13 550. On the mainland a person's taxable income would need to be approximately $33 000 a year before their Medicare levy equalled that imposed by the Norfolk Island scheme;
- residents who return to the Island and must rejoin the scheme are not covered for any pre-existing illness or injury for five years. Under Medicare, residents who return after being elsewhere for less than five years are immediately covered for pre-existing conditions. Those who return after *more* than five years overseas and state their intention to reside in mainland Australia are also immediately covered for pre-existing conditions.

14 Mrs M Baguley, Submissions, p. 67.

8.26 Medicare levy revenue covers only a small proportion of Commonwealth and State/Territory health expenditure, with income tax and other revenue contributing the rest.[15]

8.27 The Norfolk Island Minister for Health advised in November 1999 that a review was being undertaken of the Healthcare Scheme by the insurance assessor who was instrumental in establishing the scheme originally.[16] The review was to examine problems that have arisen and to propose strategies to address them. The Committee is not aware if the review has been finalised at this stage.

8.28 The Commonwealth Grants Commission calculated that the Healthcare levy represents a revenue raising effort above that on the mainland, primarily because nearly everyone is liable, even Temporary Entry Permit holders. People who receive Norfolk Island pensions are well catered for because their total medical costs, including airfares, are covered.[17] However, for other residents, the Commission concluded that the Healthcare scheme imposes a much greater proportion of total health costs on users than does Medicare.

8.29 Some residents take out private health insurance, particularly with the New Zealand insurer, Southern Cross, to cover the $2 500 gap, at a cost of $48 per person or $96 per family per month. DOTRS considered that if ten per cent of the population had trouble paying the Healthcare levy, it was reasonable to expect that a greater proportion would experience difficulty in also paying private health insurance premiums. The higher cost of living on Norfolk Island might also act as a disincentive.[18] Household expenditure surveys indicate that health and medical costs on the Island are approximately fifty per cent higher than in New South Wales.[19]

8.30 One witness advised that while his wife, Norfolk Island born and educated and an Australian taxpayer for over forty years, was able to access her Commonwealth age pension while living on Norfolk Island, the high cost of medical attention there, particularly medicines, had resulted in her living on the mainland where she is entitled to Medicare cover.[20]

8.31 The Commission reported that during its conferences on Norfolk Island many individuals had made statements that they would prefer to pay the mainland Medicare levy and receive Medicare benefits, rather than remain

15 Department of Health and Aged Care, Submissions, p. 117.

16 Mr Geoffrey Gardner MLA, Transcript, p. 7.

17 Commonwealth Grants Commission, *Report on Norfolk Island 1997*, p. 94.

18 Department of Transport and Regional Services, Submissions, p. 76.

19 Commonwealth Grants Commission, *Report on Norfolk Island 1997*, p.94.

20 Mr Ernie Friend, Submissions, pp. 55-57.

in the Norfolk Island Healthcare scheme.[21] The Committee also found that there were many people who would like to return to the protective umbrella of Medicare.

8.32 Dr Fletcher commented in an early submission to the inquiry:

> Another suggestion … is that Norfolk Islanders give up the idea of thinking that they can "go it alone", pay the standard 1.5% Medicare Levy per person to Australia, and get full public Medicare benefits like their Aussie cousins.[22]

8.33 The Hospital Director observed that there would be a number of benefits to being associated with Medicare that were not immediately obvious, including simple things such as access to standardised administrative forms. She observed that current health insurance schemes do not provide the health system with any associated benefits such as access to services such as a pharmaceutical benefits scheme or continuing medical education.

8.34 She said that there had never been any kind of health forum on Norfolk Island to gauge community opinion about access to Medicare.

> The Medicare system as such has not been fully debated at a community level. Until there is a fulsome discussion on the proposed options and its associated benefits then an educated response cannot be sought.[23]

8.35 The idea of a health insurance levy on all visitors which, in the absence of access to Medicare, would provide them with free, quality health services on Norfolk Island, was put to the Committee by hospital staff during a meeting in March 2001. It was also mentioned in the submission by the Hospital Director.[24] This suggestion is examined in Chapter 3.

Should Medicare be available to residents?

8.36 The Department of Transport and Regional Services advised that in response to representations from Norfolk Island residents and others in relation to perceived shortcomings of the public health services provided on Norfolk Island, the Minister for Regional Services, Territories and Local Government and the Minister for Health and Aged Care had agreed to encourage the exploration of options for extending Medicare benefits to

21 Commonwealth Grants Commission, *Report on Norfolk Island 1997*, p. 95.

22 Dr Lloyd Fletcher, Submissions, p. 205.

23 Ms Christine Sullivan, Submissions, p. 196.

24 Ms Christine Sullivan, Submissions, p. 196.

Norfolk Island. Members of both departments have been discussing the issues. There are also discussions between officers of DOTRS and the Norfolk Island Government.[25] Health issues were also discussed at the Commonwealth / Norfolk Island Inter-Governmental meetings in August 1999 and June 2000.

8.37 The Department of Health and Aged Care submission also referred to separate discussions with both the Administrator of Norfolk Island and representatives of DOTRS regarding the possibility of providing a Medicare-equivalent health service to Norfolk Island residents. Options identified range from full cost recovery by the Commonwealth for Medicare and PBS usage,[26] to the Norfolk Island Government purchasing an insurance policy from a private insurer for comprehensive private health cover for all residents.[27] The then Norfolk Island Minister for Health told the Committee that it was impossible to find a private insurer who would do this for an acceptable premium.[28]

8.38 An alternative might be found in Mr Gardner's suggestions for a commercial Medicare option. In this case the Commonwealth would take the role of a private insurer.

8.39 However, calculating costs would remain problematical without data on residents' incomes. Mr Gardner calculated a figure based roughly on estimates of the average income on the mainland, arriving at a cost of between $4000 and $5000 per year per average income earner. This figure was exclusive of infrastructure costs, PBS benefits, assisted travel and other benefits.[29] Although such a figure appears to be beyond the present means of the Norfolk Island Government, the concept is worth exploring. Many different factors would need to be taken into account which might result in quite different figures.

8.40 The Commonwealth Grants Commission anticipated such an option:

> The Commonwealth might be thought to have the expertise and resources to provide … health insurance more easily and cheaply than does the Norfolk Island Government … Some revenue

25 Department of Transport and Regional Services, Submissions, p. 95.

26 The Department of Health and Aged Care has sought to clarify the number and identity of residents on Norfolk Island who would require access to MBS and PBS, in order to assess the costs of the Medicare option. To date, the Department has not received adequate data from the Norfolk Island Government.

27 Department of Health and Aged Care, Submissions, p. 117.

28 Mr Geoffrey Gardner MLA, Transcript, p. 11.

29 Mr Geoffrey Gardner MLA, Transcript, p. 8.

> source, say departure tax, may need to accompany the transfer of them to the Commonwealth.[30]

8.41 An alternative option from the Grants Commission left more control in the hands of the Norfolk Island Government:

> it might be concluded that, while the services would be best delivered by the Commonwealth, Norfolk Island should maintain responsibility for them and contract with the Commonwealth for their delivery at appropriate standards. In that case, no revenue source would need to be transferred, but a reasonable contract price, based on marginal costing and recognising the joint interest of the Commonwealth and the Norfolk Island Government, would need to be negotiated. Such arrangements might require additional [Norfolk Island] taxation to finance them.[31]

8.42 In its submission to this inquiry DOTRS put forward the following three options for the provision of health insurance:

1. The Norfolk Island Government retains sole responsibility for providing health insurance.
2. The Commonwealth provides health services to Norfolk Island.
3. The Commonwealth charges the Norfolk Island Government for health services provided on the mainland to Norfolk Island residents.[32]

Options proposed by the Commonwealth

1. The Norfolk Island Government retains sole responsibility for providing health insurance.

8.43 Under this option the Norfolk Island Government would continue to provide health insurance cover through the Healthcare scheme, raising $750 000 a year from levies (i.e. $500 per member x 1500 members) and contributing an increasingly large annual subsidy from the Revenue Fund.

8.44 Even to sustain the current level of health services the Norfolk Island Government will have to increase its revenue-raising efforts, a fact acknowledged by the Minister for Health.[33] Measures that might be employed to achieve this are examined in Chapter 9.

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30 Commonwealth Grants Commission, *Report on Norfolk Island 1997*, p. 215.

31 Commonwealth Grants Commission, *Report on Norfolk Island 1997*, p. 215.

32 Department of Transport and Regional Services, Submissions, pp. 83-85.

33 Mr Geoffrey Gardner MLA, Transcript, p. 12.

8.45 The advantage of this option to the Norfolk Island Government is that it would retain responsibility for health without financial contributions from the Commonwealth.

8.46 The disadvantage is that Norfolk Island's health system would continue to differ from that on the mainland, visitors would still lack appropriate health cover for services rendered on the island and the inadequacies and inequalities of the current Healthcare Scheme might not be addressed.

2. The Commonwealth provides health services to Norfolk Island.

8.47 Under this option the Commonwealth Government would provide health care grants to the Norfolk Island Government, and Medicare cards to Norfolk Island residents for use on the Island and on the mainland. Grants which are currently provided to all mainland states and territories for public hospital services equate to approximately $300 per person. Australia's other inhabited external territories are included in the healthcare grants scheme, which deems them to be part of Western Australia. A different funding formula might be needed for Norfolk Island in the light of its small population.

8.48 Residents could contribute to Medicare by paying a levy to the Commonwealth instead of the current Healthcare Scheme. To avoid a shortfall, such a levy would need to be calculated to allow for the fact that significant Commonwealth funds raised from other taxes are also directed to the states and territories.

8.49 A potential obstacle to this course might be resistance from Islanders reluctant to disclose their income. However, an alternative would be for Medicare to be optional, and available for those willing to pay the levy. The Department of Health and Aged Care advised that the cost of this option to the Commonwealth would be approximately $2.2 million, based on the population profile revealed in the 1996 census.[34]

8.50 Norfolk Island could also negotiate reciprocal charging arrangements with the states and territories, allowing it to charge the home state of a tourist for services rendered on Norfolk Island, and in turn being billed by mainland states for treatment provided to Norfolk Island residents.

8.51 The advantage of this option would be that Norfolk Island would be provided with mainland equivalents of health services and health insurance. This option would benefit residents and tourists alike.

8.52 Anecdotal evidence suggests there are many residents who would prefer this option but are reluctant to speak openly in favour of it.

34 Department of Transport and Regional Services, Submissions, p. 85.

3. The Commonwealth charges the Norfolk Island Government for health services provided on the mainland to Norfolk Island residents.

8.53 Under this option the Commonwealth would provide flagged Medicare cards to all Australian Norfolk Island residents and then bill the Norfolk Island Government for health services provided by the Commonwealth. The Norfolk Island Government could recoup this money either by maintaining the Healthcare Scheme or by charging individuals for services rendered on the mainland.

8.54 As with option 2, Norfolk Island could also be included in mainland reciprocal charging arrangements. The Committee believes that New Zealand residents would be eligible for Medicare benefits, as they are on the mainland, due to the reciprocal arrangement that exists between the Australian and New Zealand Governments.

Options proposed by the Norfolk Island Government

8.55 Several options have been put forward by Norfolk Island Government. At the hearing on Norfolk Island, the then Norfolk Island Minister for Health, Mr Geoffrey Gardner MLA, commented that:

> As with Medicare itself, our scheme is seen by some to be imperfect, hence the need for us to try to explore the options available.[35]

8.56 One of those options was the complete privatisation of health insurance on the Island. In this way, Mr Gardner explained, Norfolk Island would revert to a similar arrangement to that which existed prior to 1989, when Southern Cross, a New Zealand insurance company, provided a level of comprehensive health cover to mainly New Zealand citizen residents. At that time, Australian citizens were covered by Medicare.

8.57 Mr Gardner outlined another option which was to pursue Medicare purely on a commercial basis. He said:

> I think I need to make it quite clear here that the Norfolk Island Government is not seeking a handout for its residents.[36]

8.58 The issue of inability to calculate residents' income was raised as significant in terms of formulating options for the provision of Medicare on Norfolk Island.

8.59 The Norfolk Island Government's submission referred to discussions at the 1999 Inter-Governmental meeting on the option of Norfolk Island

35 Mr Geoffrey Gardner MLA, Transcript, p. 7.

36 Mr Geoffrey Gardner MLA, Transcript, p. 7.

contributing an amount towards the cost of Medicare so that residents were eligible for Medicare cover for treatment on the mainland, as well as the possibility of mainland visitors being covered by Medicare for services received on Norfolk Island. Again, it commented that:

> it is not possible to apply the Medicare levy to residents income as many residents are not required to determine their taxable income or lodge income tax returns.[37]

8.60 The absence of such information makes much more difficult the task the Norfolk Island Government has ahead of it in identifying alternative sources of revenue as well as funding an acceptable form of public health insurance. The CGC Report commented that one benefit to Norfolk Island, if it were to increase revenue through a new tax structure, might be that it generated this kind of information through returns to the Norfolk Island Government.[38]

8.61 The Committee considers that the issue of health insurance is of such fundamental importance to the people of Norfolk Island that it should be raised and thoroughly discussed at well advertised public meetings on the Island. Input from people who work within the Hospital Enterprise as well as that of valued outsiders, such as the visiting specialists, should be sought in an effort to educate the community in order that an informed response to the many options is available. It is not an issue which can be left to the discretion of the Executive Member of the Assembly. The Committee concurs with the Commonwealth Grants Commission's 1997 finding that negotiations between the Norfolk Island Government and the Commonwealth over issues of service standards and provision, cost sharing and reciprocity should recommence as a matter of urgency.

37 Government of Norfolk Island, Submissions, p. 7.

38 Commonwealth Grants Commission, *Report on Norfolk Island 1997*, p. 212.

Recommendations

Recommendation 31

8.62 **The Committee recommends that the Norfolk Island Government and the Commonwealth continue discussions of the most practicable method of providing Norfolk Island residents with an affordable, comprehensive level of health insurance.**

The Committee also recommends that the Norfolk Island Government organise a series of public meetings to offer information, and seek community input, on whether to pursue Medicare or another form of comprehensive health insurance as an alternative to Healthcare.

Recommendation 32

8.63 **The Committee recommends that the Commonwealth Government extend Medicare cover to:**

- **those Australian citizens resident on Norfolk Island whose income is below the Australian taxable income limit of $13 550, so that they are entitled to the same access to Medicare as mainland residents who are not liable to pay the Medicare levy;**
- **retired residents of Norfolk Island aged 55 years and above, who have paid income tax on the mainland for a period of at least five years; and**
- **Temporary Entry Permit holders, resident on the Island for less than six months, who would be eligible for Medicare benefits elsewhere in Australia.**

Recommendation 33

8.64 **The Committee recommends that the Norfolk Island Government announce the findings of its review of the Healthcare Scheme in order that residents may consider them, and determine whether Healthcare is a feasible health insurance option for the community.**