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Tuesday, 18 June 2002

The SPEAKER (Mr Neil Andrew) took the chair at 2.00 p.m., and read prayers.

QUESTIONS WITHOUT NOTICE

Budget: Disability Support Pension

Mr CREAN (2.01 p.m.)—My question is to the Prime Minister, and I refer to the government today withdrawing its legislation to cut disability support pensions. Prime Minister, isn’t your disability support pensionbackdown an admission that your planned cuts to 200,000 Australians with disabilities were unfair and overwhelmingly opposed by the Australian people? Will you now sit down with Labor to look at the positive ideas that I put forward in my budget reply to help Australians with disabilities into work rather than your plan to simply cut holes in Australia’s safety net?

Mr HOWARD—The answer to the first part of the honourable gentleman’s question is no. As to the disposition of the government, it is to secure passage of its legislation. We are always interested in intelligent and constructive suggestions from the Australian Labor Party. We will consider them, and—I say this very seriously—if the opposition spokesman on these matters wishes to talk to Senator Vanstone with some constructive suggestions to make, go along and talk to Senator Vanstone. I am sure she will provide you with a cup of tea and her normal friendly welcome. She will have you for afternoon tea any time. Could I also say that Senator Vanstone is also engaged in what I know she intends to be constructive discussion with the Australian Democrats. If everybody exercises a lot of commonsense, we can have important savings to the budget, good policy and, as should always be the case, intelligent budget measures which secure the support of the parliament.

Immigration: Border Protection

Mr CAMERON THOMPSON (2.05 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister advise the House whether any foreign governments have commented on the government’s decision to extend the border protection act to excise the Torres Strait territories and other islands from the migration zone? Is the minister aware of any alternative approaches on this issue?

Mr DOWNER—I thank the member for Blair for his question and recognise that he, like all members on this side of the House, takes a very strong stand on the issue of people-smuggling and people coming illegally to Australia. I know that the people of Blair appreciate the tough stand their local member takes. We have consulted with our neighbours in relation to the border protection act. We consulted with Indonesia, New Zealand and Papua New Guinea before the border protection act regulations were announced. They understand our need for strong border protection measures to counter this insidious criminal activity of people-smuggling. It is yet another example of how we are working with our neighbours in the region to address this problem of people-smuggling. In the region we recognise that people smugglers are criminals responsible for very great human misery. To date, people smugglers have sought to dump their human cargo on Christmas and Cocos islands and on Ash-
more Reef in order to gain easy access to the generous refugee determination processes that Australia offers to asylum seekers who arrive lawfully.

We frustrated that transit route by excising those territories from Australia’s migration zone through the border protection act, which passed through this parliament. We have many reports now that people are still looking for ways to gain access to Australia, and obviously one possibility is through the Torres Strait. The government will do everything they possibly can to ensure that that does not happen. We will remain firm in our commitment to oppose the activities of people smugglers, to frustrate their activities and to keep our borders secure. The government’s current proposal is the extension of an existing law, and that existing law was supported not only by members on this side but also by the Australian Labor Party. Now that the Labor Party have decided to do a 180-degree turn they are sending a message to the people smugglers, which is that bipartisan-ship has now broken down and Australia could once more be open for business for people smugglers.

The Australian Labor Party are soft on people smugglers and they do not stand up for the strong protection of Australia’s borders. During the lead-up to the last election—I have made this point before—the Labor Party claimed that the government and the opposition had but one position on measures to counter people-smuggling, but we found out after the election that the Labor Party decided to change their position. I am reminded of a statement by the Leader of the Opposition on 7 March. He said:

"The greatest deceit any Party can perpetrate is to tell the Australian public what they know not to be the truth."

Before the last election, the Labor Party were privately saying amongst themselves that they would wait until they got into government—they were the words the member for Fremantle used—before deciding how to change the border protection measures that this government had put in place. The truth is that the Labor Party never intended to maintain bipartisanship beyond 10 November last year, and of course that has been borne out by their great deception in changing their position on these issues. The Leader of the Opposition’s credibility will suffer grievously in the community. He will be reminded of his words on 7 March, when he told ABC radio:

"... your word is your bond, your word is your currency."

The Leader of the Opposition’s word was that he supported the government on these border protection issues until 10 November, and after 10 November he changed his position. Many Labor Party members sitting over there were elected on a fraud, and the electors will remember that when the next election comes.

Budget: Disability Support Pension

Mr CREAN (2.11 p.m.)—My question is again to the Prime Minister. In your last answer, Prime Minister, you claimed an election mandate for your disability support pension cuts. Prime Minister, can you point to any statement made by you or your ministers during the election campaign promising these cuts? On the contrary, do you in fact recall promising before the election that no one would receive a cut to their pension?

Mr HOWARD—I certainly do recall making a commitment that we were not going to cut benefits. That is what I said. I made that very clear and there is nothing that we have done that alters that.

Immigration: Border Protection

Mr SCHULTZ (2.12 p.m.)—My question is addressed to the well-respected representative of the Australian people, the Minister for Immigration and Multicultural and Indigenous Affairs. Will the minister advise the House whether any Australian citizens will be affected by an extension of the migration exclusion zone? Minister, what has been the result of the government’s strong stance against people-smuggling in the last six months? What obstacles exist that may prevent Australia from determining who comes to this country and who does not?

Dr Lawrence—Some people like to think they are still part of Australia.

Mr RUDDOCK—I thank the honourable member for Hume for his question and his generous remarks in support of my work in
this area. It is important that people understand what excision means. I heard an interjection that suggested that it was in some way excising part of Australia. That is exactly what it is not doing. It is excising for the purpose—

Opposition members interjecting—

The SPEAKER—The minister has the call. He is entitled, as is painfully obvious in the standing orders, to be heard in silence. Everyone will observe the standing orders.

Mr RUDDOCK—It is excising certain areas of Australia from the coverage of the Migration Act for the purposes of lodging certain applications. In relation to that, it is important to know that all provisions of the Migration Act continue to apply to those places for any Australian citizen and for any lawful non-citizen. Anybody who has authority under the Migration Act to be in Australia is not in any way affected by excision because of the very nature of the definition. I am sure that if any detriment were intended, the legislation would not have had the support that it had from the opposition when it passed this place.

Let me make it further clear that Australian citizens continue to be able to move about freely in those areas and are entitled to make any application permitted under the act and in accordance with the act. The only people who are adversely affected are those who are people smugglers and their clients. The reality is that because of the nature of the changes that are potentially disallowable as a result of the announcements made by the Leader of the Opposition and supported by minor parties we are now holding out the welcome mat again to those who may be seeking to come to Australia without lawful authority.

It is also important to understand why we received advice in relation to this matter in terms of excising further islands and external territories from the Migration Act provisions. Since 1989, there have been 16 incidents of illegal border crossings in the Torres Strait involving 99 third-party nationals. In recent years, we have had more than 150 people land unlawfully by boat in the Torres Strait. The last boat arrived less than 18 months ago. Movement through the Torres Strait does have associated with it considerable risk—very considerable risk. It is important to understand what denying that excision is likely to do. It draws to people’s attention the opportunities that exist through seeking to travel through that region. The fact is, if we are not involved in discouraging people to come that way, we are possibly looking at a further boating tragedy.

In the past 15 years, there have been 16 significant maritime incidents involving large vessels, many of which had a pilot on board. When I asked for some advice about that from a Torres Strait Islander pilot he had this to say:

Apart from being shallow and narrow the Torres Strait experiences dramatic tidal movements, resulting in strong currents through reefs and islands akin to fast flowing rivers.

So when I said yesterday that we had advice from senior officials that these areas ought to be excised from the migration zone, it was in the context of information that was made known to us that people might well be seeking now to access that area to make passage to the Pacific.

After question time yesterday, the Leader of the Opposition sought to make a point about the nature of the advice that we are receiving, and I think it is very important to put that advice in context. He put his questions not as I think they were put after question time yesterday but in terms of asking people, as he said on radio today, for a guarantee that if you implemented this excision it would have a particular effect. It is quite unreasonable to think that any public servant is going to be able to say, ‘I guarantee that every person who might potentially want to come that way will be deterred.’

Mr Crean—You cannot do it. I see.

The SPEAKER—Leader of the Opposition!

Mr RUDDOCK—But it is very important not to misrepresent the advice that you received.

Mr Crean—You would!

The SPEAKER—The Leader of the Opposition is the most persistent interjector in the House!
Mr RUDDOCK—I want to quote from that advice so that there can be no ambiguity—

Mr Swan—I rise on a point of order. Is it in order for the minister to say that the Leader of the Opposition is misrepresenting the facts? It is not in order.

The SPEAKER—It has been normal in the past for someone who suggests that somebody is deliberately misleading to only do so by way of a substantive motion. I am not aware of precedent such as the Manager of Opposition Business has raised. I will follow the matter up.

Mr RUDDOCK—I simply wanted to say that I did ask for a brief from officials who attended that meeting yesterday so that we could deal with it in a factual way. Mr Metcalfe, who is the deputy secretary of my department, having checked with the secretary and other officials who were there, put this to me as his recollection and it was in this form:

Generalised information that, notwithstanding the clear success of disruption and deterrence efforts over recent months, some people smugglers remain active and are looking for new routes to transport passengers to Australia or other South Pacific destinations; the excision regulations had been recommended to ministers by the People Smuggling Task Force in response to specific, identifiable information that people smugglers may soon attempt a more easterly route, avoiding the already excised territories of Cocos and Keeling Islands, Christmas Island and the Ashmore Reef; landfall on an island such as the Torres Strait was therefore a possibility; unless islands were excised any arrival there by unauthorised arrivals would mean that they could access protection visa application processes rather than the alternative refugee status determination processes applicable to offshore entry persons; regulations are an important part of our comprehensive disruption and deterrence strategy, in conjunction and in cooperation with UNHCR and IOM and other international agencies and in cooperation with other countries of origin, first asylum and transit in waters adjacent to Australia at both diplomatic and operational levels and including the offshore processing arrangements.

That is the context in which these recommendations were made—that it is an important part of a comprehensive approach and that there was information about potential landfall being accessed by people who were seeking a more easterly route.

Mr Swan—I rise on a point of order under standing order 85 and tedious repetition. This answer has now been going for over seven minutes. When are you going to bring him to order?

The SPEAKER—The Manager of Opposition Business will resume his seat. He knows there is no point of order.

Mr RUDDOCK—The brief continued:

Mr Crean, inter alia, offered the opinion during the interview that in his view the effect of excision regulations would be merely to encourage people smugglers to target the Australian mainland. Our advice to him was that the potential for people smugglers to target the mainland could never be discounted. There could be no guarantee that any measure, including the proposed excision, would necessarily prevent a boat going through but that should not preclude the extension of the excised islands as an integral part of an overall multilayered strategy, bearing in mind that the strategy and its various tiers had clearly had a great deal of success to date in disrupting and deterring smuggling efforts.

I see the Leader the Opposition finds great mirth in these matters.

Mr Crean—No. I am glad you confirm what I am saying.

The SPEAKER—The minister has the call.

Mr RUDDOCK—I will just make it very clear. The point I was making yesterday was that we had advice that these measures were important measures as part of the overall strategy to deal with people-smuggling. I make that point again. We had it on advice and if, for one reason or another, we find that there are boat arrivals in future on excised islands or territories in respect of which we are not able to act to protect Australia’s interests, it will be on your heads, not ours.

Immigration: Border Protection

Mr CREAN (2.23 p.m.)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs and it follows his last answer. Minister, can you confirm that your chief of staff was present at the asylum seeker task force briefing that I had with my colleagues last Friday? Did she
tell you that, following that briefing, I asked officials at it for an assurance that this particular measure—the excision—would prevent or deter arrivals on the mainland and that they were unable to give that assurance? Did she also tell you that I sought a further assurance that this measure would deter further boat departures from Indonesia and again they were unable to give that assurance? Are these not the real facts surrounding this issue? Are you not just trying to verbal your own department, which has given misleading information in relation to—

The SPEAKER—The Leader of the Opposition will resume his seat. I call the Minister for Immigration and Multicultural and Indigenous Affairs.

Dr Martin—Mr Speaker, I rise on a point of order. I refer to the latter part of the question asked by the Leader of the Opposition. You called on the Leader of the Opposition to resume his seat and at that point the microphone was turned off so that the conclusion of the Leader of the Opposition’s question was not heard. I would have thought that the opportunity to take a particular point about that question should have been taken then, if you were going to take it. On this occasion the people who are in control of the microphones have been a little quick on the switch. I believe that the Leader of the Opposition should be entitled to repeat the end part of his question.

The SPEAKER—I can reassure every member of the House that the people who are in control of the microphones were not quick on the switch. They acted properly. If there was any error it was on my part and not theirs. I believed that the Leader of the Opposition should be entitled to repeat the end part of his question.

The SPEAKER—I can reassure every member of the House that the people who are in control of the microphones were not quick on the switch. They acted properly. If there was any error it was on my part and not theirs. I believed that the Leader of the Opposition should be entitled to repeat the end part of his question.

Mr Crean—Mr Speaker, I rise on a point of order: I would ask what the imputation was that you believed I was making. I also ask you to reflect on this: here we have an assertion where the minister is interpreting a briefing given to me. I took the first opportunity yesterday, when the minister misrepresented what came out of that briefing—

The SPEAKER—The Leader of the Opposition is raising a point of order.

Mr Crean—Yes, I am raising a point of order.

The SPEAKER—And I am hearing him.

Mr Crean—I took the opportunity yesterday—I am entitled to make the point of order—

The SPEAKER—The Leader of the Opposition will resume his seat.

Opposition members interjecting—

Mr Martin Ferguson interjecting—

The SPEAKER—The member for Batman! The House will come to order. It is another exercise in absurdity if this continues.

Mr Abbott—Mr Speaker, on the point of order: the Leader of the Opposition, who said he was going to turn over a new leaf, is plainly making a speech and not advancing a point of order.

The SPEAKER—Everyone realises that points of order ought to be succinct. It is entirely proper for the occupier of the chair, particularly on matters of relevance, to deal with them immediately without hearing the entire point of order, simply because it is easy to tell whether or not someone answering the question has been relevant. This is not a point of order on relevance. Nonetheless, there is an obligation to be succinct. I have dealt responsibly with this question. I have allowed it to stand and I have taken away what I believe to be an imputation on the minister’s motives. If anyone is unhappy about this, they can check the Hansard and raise it with me.

Mr Swan—Mr Speaker, further to that point of order: looking at standing orders 142 and 144, I am unclear as to what you have ruled out of order in the Leader of the Opposition’s question. It is not clear to me because I could not hear what he said as the microphone had been turned off. I think you ought to give the Leader of the Opposition the
chance to finish his question so that it can be heard by the House and so you can then rule.

The SPEAKER—I have indicated to the Manager of Opposition Business and to everyone in the House that I have allowed the question to stand.

Mr Beazley—Mr Speaker, I raise a point of order. It has never been the case in this parliament, in the 22 years I have been here, that part of a question is ruled out of order simply on the grounds that the Speaker assumes it is going in a particular direction. The Speaker hears a question and, having heard the question, determines which part of it is in order. The Speaker has never before intervened in this place to cut a question in half. I would ask you, Mr Speaker, to reflect on the point that you made and to recognise the precedents that are created here—and not to do it again.

The SPEAKER—The member for Brand may be pleased or at least relieved to know that, concerned about incidents in the House over the last sitting fortnight, I went back to the Hansard, as I reported to some members of the opposition last night. I went back to it in decade lots, and you will be pleased to know, Member for Brand, having served just a little longer than I, that invariably I found that, while the term ‘Mr Speaker’ in the Hansard was consistent in every decade, only the people asking the question or raising the points of order had their names changed, depending on which side of the House they were sitting. This question stands. The minister has the call.

Mr RUDDOCK—I understand my chief of staff was at the meeting and at the briefing. I did not ask her for the report that I received. I asked for the officials who were there to outline what they had heard and what they said. The only substantive difference that has emerged in their recollections and the Leader of the Opposition’s is that yesterday no reference was made to an assurance or a guarantee. The officials believed they were asked to give a guarantee. The Leader of the Opposition seems to be suggesting that he asked for an assurance. I simply make the point again that it is quite unreasonable to ask, in relation to all of the vagaries that exist in relation to these matters, whether somebody can guarantee that a particular event will occur or will not occur. That in no way detracts from the argument or the advice that people give that a measure like this will have an important impact on dealing with the broad range of people-smuggling issues that we are confronting. I am surprised that the Leader of the Opposition would be persisting in trying to push this matter.

Mr Crean—I go to the point of the minister misrepresenting—

The SPEAKER—Is the Leader of the Opposition raising a point of order?

Mr Crean—I am raising a point of order, because I took exception yesterday to him misrepresenting what came out of the briefing. Nowhere in my personal explanation yesterday did I use the word ‘guarantee’. He is making—

The SPEAKER—The Leader of the Opposition will resume his seat. The Leader of the Opposition did not have a point of order. If he has been misrepresented, there are other facilities of the House available to him.

Budget: Pharmaceutical Benefits Scheme

Mr TICEHURST (2.32 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House of measures announced in the recent budget that will ensure all Australians continue to have access to affordable medicines? What are the alternatives to these measures and what impact would these have on patients?

Mr COSTELLO—I thank the honourable member for Dobell for his question and I acknowledge the fact that he is the best member for Dobell that we have seen in this parliament for a very long period of time. There is no area of Commonwealth expenditure growing faster than the Pharmaceutical Benefits Scheme, which increased by 14 per cent last year and 14 per cent this year. In fact, the Pharmaceutical Benefits Scheme has quadrupled in cost over the last decade. This is a scheme by which the taxpayer essentially subsidises pharmaceutical benefits, and a contribution is sought from pensioners of $3.60. The budget announced that it
would increase by $1 to $4.60. The person that is not entitled to the concessional scheme pays a maximum of $22.40. The budget proposes to lift that to $28.60. But regardless of the cost of the prescription—whether it is $100, $200, $500 or $1,000—the maximum amount, under the government’s proposal, that a pensioner can be asked to pay is $4.60. And after 52 scripts in a year, additional scripts are free to the pensioner.

That copayment—the idea of a copayment—has been in place since 1990. In 1990, the copayment was introduced by the then Labor minister, Mr Brian Howe. He introduced it to ensure that, as there was a patient contribution, this scheme would be financially sustainable. Not only did Brian Howe introduce the copayment for pensioners of $2.50 in 1990; he increased the general contribution in that year by 36 per cent. He increased it by 36 per cent in the 1990 budget. That was the first budget after the 1990 election. That budget went into the Senate and the then opposition passed those measures because it believed it was responsible to put the Pharmaceutical Benefits Scheme on a sustainable basis.

After those measures had been put in place, the copayment contribution recovered 21.6 per cent of the cost of running the scheme. In this current year, the amount which is recovered from the scheme has fallen to 15.7 per cent. The passing of the government’s measures will return it to 19 per cent—less than it was under the Australian Labor Party in 1990. In other words, in 1990 the taxpayer put in less than $4 for the $1 copayment contribution. After our measures, the taxpayer will put in more than the $4. But, if we do not reform the scheme, the amount recovered out of the copayment—which is 15.7 per cent this year—will continue to fall.

We would say to the Australian Labor Party—and there are some members of the Australian Labor Party who do not remember the events of 1990—that the Australian Labor Party was not always led by opportunists. We did not agree with everything that Brian Howe said. Brian Howe was a member of the Left. But, as a health minister in a Labor government, he believed that it was important to make this scheme sustainable for the people of Australia who rely upon it. And there was an opposition that supported him.

Now you have a cheapjack political opportunist as the Leader of the Labor Party. Some people in the Labor Party think it has always been cheap and opportunist. It was not the case. Brian Howe was somebody who was determined to ensure that this scheme became sustainable. I say to the Australian Labor Party backbench, those people who would like to see some measure of principle return to your leadership: it is the people that care enough to make this scheme sustainable that are going to ensure good health care for all Australians. The people that are selling essentially the lie that the taxpayer can continue to increase its subsidy year after year are the people that will lead to an unsustainable scheme which eventually is going to affect the poor and those Australians who deserve good health care.

That is why this government is determined to reform the Pharmaceutical Benefits Scheme along the lines which the Labor Party started, which Brian Howe pioneered. I pay credit to Brian Howe for pioneering that in 1990. Oh, I wish we had a few more Brian Howes left on the Labor Party front bench. The member for Jagajaga learned her politics at the knee of Brian Howe, but she cannot follow his principles. Where is the leader on the Labor Party front bench that will stand and say, ‘In the great tradition of Brian Howe I want to ensure that pharmaceutical benefits are there for all Australians’? Where is the principle in the Labor Party? Who in the Labor Party will stand against cheapjack opportunism and defend a principle these days?

I say again that if the Australian Senate wants to make this scheme unsustainable then the only corollary of that is that fewer new treatments will come onto the scheme. That is the corollary of it. If the copayment contribution continues to decline, governments will be forced to take a much tougher attitude on the listings of new pharmaceutical benefits. That will be the consequence for the Australian Labor Party. That is where its opportunism will lie. The people of Australia need to know that this is not a policy to look
after pensioners and those that need decent, affordable pharmaceuticals; this is opportunism which will lead to hardship for people in Australia, who deserve much better from the Australian Labor Party.

**Dr Wooldridge: Departmental System Access**

**Mr STEPHEN SMITH** (2.39 p.m.)—My question is to the Prime Minister. Is the Prime Minister aware that the Minister for Health and Ageing has just admitted in the Senate that in January former health minister Michael Wooldridge was found more than once in her Melbourne office seeking access to her computer? Is the Prime Minister also aware that the Department of Health and Ageing’s fraud control branch has produced an interim report on former Minister Wooldridge’s attempted and unauthorised access to ministerial computers and emails since he retired as Minister for Health and Aged Care? Will the Prime Minister release this report now? Will the Prime Minister also now institute a formal inquiry into the conduct of the former health minister and whether any breaches of the law have occurred as a consequence of his unauthorised actions?

**Mr HOWARD**—I am not aware of what the minister has said in the Senate. In that circumstance, until I am fully apprised of what she has said, I have no intention of responding to the second part of the honourable gentleman’s question.

**Transport: Rail**

**Mr NEVILLE** (2.41 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the minister inform the House of recent performance figures for the Australian Railtrack Corporation? What do these figures indicate about the performance of freight rail in Australia? Is the minister aware of any alternative policies?

**Mr ANDERSON**—I thank the honourable member for his question and note his very great interest in rail. He is really a very passionate supporter of revitalisation of the rail industry in Australia, and for a very good reason: a rapidly growing economy is producing increases in freight volumes which are way beyond what transport planners in Australia have allowed for in recent times. We are determined to ensure that a decent chunk of this increased freight goes onto rail. If it all goes onto our roads, on current indications we will have double the number of trucks congesting our highways by the year 2020.

Our rail reform initiatives have focused on introducing competition and private sector expertise into above rail operations. As I have said in this place before, they have certainly produced some spectacular results on the east-west corridor, where rail’s market share of the east-west land transport market has grown from 65 per cent to around 80 per cent over the last three or four years. Volumes in the opposite direction, from west to east, have shown an even more rapid growth of a quite astonishing 11 per cent average per annum. We now have some figures available which indicate that in this financial year, 2001-02, Australian Railtrack Corporation volumes are up almost 10 per cent on last year’s, which is a really sound performance and reflective of the value of some pretty worthwhile, though hard won, reforms.

The next major obstacle in terms of rail reform is what is known as the north-south corridor—broadly speaking, the one that runs from Melbourne to Brisbane, points between and beyond. The key to this area of rail reform is unquestionably New South Wales. Some 15 per cent only of the land freight on the north-south corridor is on rail; the rest is on our roads, and rail continues to lose market share. This will lead to very serious congestion problems and unbearable pressures on road budgets if it is not dealt with. So the key is very much New South Wales. If we can secure decent reforms there on the main line track—and we are in negotiations to do that at the moment—very substantial resources of the order that the member for Hinkler has referred to as being necessary, as has the reportage that he and his committee have engaged in in the past, will be released from a combination of sources: Commonwealth government funding; the ARTC, which has a very strong balance sheet of its own; and also, as we now know, the private sector, displaying a strong will-
ingness to invest in rail provided that they know that there will be a return on their investment.

This is a far cry from the way in which rail was dying under Labor, with their obstinate refusal to reform work practices and to make worthwhile investments. The ALP showed no interest in rail and they continue to show no interest in rail; yet this is a major plank of transport reform if the sector is to be an effective enabler for the rest of the economy into coming decades.

International Criminal Court

Mr Rudd (2.45 p.m.)—My question is addressed to the Minister for Foreign Affairs. Does the minister recall making the following statement:

Pol Pot’s death reminds us of the need for an International Criminal Court. If such an institution had existed at the time, there would have been an avenue for Pol Pot to be prosecuted for his appalling crimes against humanity.

Minister, four years later, could you inform the House whether you have managed to convince your own party room, including at its meeting this morning, that the Pol Pots of this world just might be a problem and that that of itself might warrant ratification of the ICC? When will you honour your undertakings to this House and the international community that Australia will ratify the statute of the International Criminal Court?

Mr Downer—In relation to Pol Pot, I can certainly recall making such remarks. In relation to the processes being undertaken by the government, they were discussed in the parliament yesterday. The Prime Minister and I have answered such questions on a number of occasions in the parliament and the media.

Mr Kelvin Thomson interjecting—

The SPEAKER—I warn the member for Wills!

Mr Abbott—I thank the member for Deakin for his question and for his concern to ensure freedom and fair play for the workers and taxpayers of Victoria.

Mr Kelvin Thomson interjecting—

The SPEAKER—I warn the member for Wills!

Mr Abbott—I regret to tell the House that there are serious problems in the construction industry, mostly because the CFMEU is a kind of living museum of Marxist archaeology, split into Beijing line and Moscow line factions who still have not worked out that it is 13 years since the fall of the Berlin Wall and the complete discrediting of Marxist ideology. I can tell the House that the construction industry, nationally, accounts for about 60 per cent of complaints of breach of the freedom of association principles. Last year, the construction industry accounted for 31 per cent of all working days lost through strikes. The Victorian construction industry is just about the epicentre of industrial militancy in Australia. Construction costs in Melbourne are estimated to be 30 per cent higher than construction costs in Sydney. Tenderers in Sydney allow one strike day every two months, but tenderers in Melbourne have to allow for one strike day every two weeks. No less an authority than the national secretary of the construction
division of the CFMEU—a comparatively responsible official, John Sutton—has said that criminal elements are infiltrating his industry, elements associated with the union leadership in Melbourne and Perth.

Strikes cost jobs. Strikes hurt taxpayers and consumers. Victorian government construction projects are regularly way out of time and way over budget thanks to industrial militancy, and the daddy of them all is the Federation Square project, where costs have blown out from $110 million to $450 million, largely thanks to industrial militancy—and the project still is not finished. Premier Bracks wants the MCG redevelopment to be an action replay of Federation Square, and he risks making the people’s ground a CFMEU playground. Just about the only responsible union official associated with the construction industry in Victoria is Bill Shorten, and he has just been rolled by the National President of the ALP, Greg Sword. Bill Shorten is about the only official who supports the 50-50 rule, and Simon Crean has just ratted on him. I notice that the member for Maribyrnong has—

Mr Swan—Mr Speaker, I rise on a point of order. This was a question about the construction industry in Victoria. The minister is nowhere near the question. He is clearly out of order under standing order 145 and will you bring him to order?

The SPEAKER—The minister was asked a question about the construction industry in Victoria, about disruption in its program and alternative policies. The minister is in order and I call him.

Mr Swan—Mr Speaker, the minister was making remarks about people in Victoria who are clearly not associated with the construction industry at all. I do not see how you can call that as being in order. He was talking about a unionist from unions outside the construction—

The SPEAKER—The Manager of Opposition Business will resume his seat. I have recognised the minister and I will listen closely to his answer.

Mr ABBOTT—The Manager of Opposition Business is obviously rattled by his and his party’s links with ultramilitant union officials, and we have the member for Maribyrnong joining the lemming-like rush away from Bill Shorten to join the Socialist Left and rat on the Leader of the Opposition—

Mr McMullan—Mr Speaker, I rise on a point of order under standing order 145. Not one word that the minister has uttered since you gave him the call has been relevant to the question. I ask you to bring him to order and turn the microphone off.

The SPEAKER—The member for Fraser will resume his seat. I am listening closely to what the minister has to say; I call him.

Mr ABBOTT—Along with the workers and taxpayers of Victoria, the other day I noticed that the Leader of the Opposition hitched a ride in Steve Johnson’s souped-up Ford to take a burn around the streets of Canberra. That is the trouble: he is always a passenger in someone else’s—

Opposition members interjecting—

The SPEAKER—Minister, resume your seat! The Manager of Opposition Business will resume his seat. The minister will return to the question.

Mr ABBOTT—I have been asked about militant union activity, and the Leader of the Opposition is usually a passenger in a union jalopy driven by Dougie Cameron or Craig Johnson.

The SPEAKER—The minister is not assisting the chair.

Mr ABBOTT—Mr Speaker, it is perfectly in order for me to talk about militant union activity, and the Leader of the Opposition is usually a passenger in a union jalopy driven by Dougie Cameron or Craig Johnson.

International Criminal Court

Mr MURPHY (2.55 p.m.)—My question is to the Deputy Prime Minister and it concerns comments he made in this House. Deputy Prime Minister, do you recall telling the House on 5 September 2000: Australia demonstrated similar leadership in the negotiations that concluded the Statute of the International Criminal Court ...
your selves do you agree with—yourself in September 2000 or yourself last Friday?

Mr ANDERSON—As has been widely commented on in the last few days, we very appropriately are going through a full process of consultation in our own ranks. I think that is pretty democratic and I think it is the right way to go about it, and I think we will get the right answer for Australia.

Dr Lawrence interjecting—

The SPEAKER—Order! I warn the member for Fremantle!

Trade: Employment

Mrs MAY (2.57 p.m.)—My question is addressed to the Minister for Trade. Would the minister inform the House of how government trade policy is contributing to job creation and a stronger economy for future generations of Australians? Are there any obstacles that would prevent future jobs growth?

Mr VAILE—I thank the honourable member for McPherson for her question. The honourable member is very interested in our export figures and our export effort, given that one of the largest export earners in her electorate is the tourism industry. I can inform the House that the tourism industry in Australia, the largest individual export earner, would be much happier and much more comfortable if the Labor Party passed the government’s unfair dismissal legislation in the Senate to secure the jobs of all those small business people involved in the tourism sector. That is a component of the $154 billion that exports earn for the Australian economy—or they did last year, and we aim to see that increase. That sustains one in five jobs across Australia. It actually sustains one in four jobs in electorates such as yours, Mr Speaker, in rural and regional Australia, where exports are vitally important in generating jobs growth. That is what our government is absolutely focused on in terms of our trade policy.

Our trade policy is not just a single track. It is not just barrelling down one path, as the Labor Party and the union movement in Australia would want; we are focused on the multilateral, the regional and the bilateral. The previous Labor opposition at least had some sense in terms of what their trade policy was. The former trade spokesperson—I think it was Senator Cook—at least agreed with the government’s pursuit of a free trade agreement with America. To start with, the member for Cunningham did and then he did not. Then the Leader of the Opposition stepped in and they did not. So it has been a little difficult to follow the manoeuvring of the Labor Party. Maybe it was the member for Rankin who intervened, but I think it was the Leader of the Opposition who actually had more positions on this particular issue than you see in a game of Twister. Interestingly, the Leader of the Opposition in his intervention on this issue said in a press release:

In a speech delivered today on my behalf by Shadow Primary Industries Minister—

Mr Latham—Mr Speaker, I rise on a point of order. The issue is relevance. The question did not ask for a commentary on alternative policies. This is not relevant to the question that was asked of the minister.

The SPEAKER—The Minister for Trade was asked to comment on trade policy and its impact on the seat of McPherson and on other Australian exporters. He was asked about obstacles to that policy. It was in that area that I presumed his remarks were heading.

Mr VAILE—The House needs to understand some simple facts about the Labor Party’s opposition to our government’s pursuit of a free trade agreement with America and the fact that they are hinging that on—

Mr Crean interjecting—

Mr VAILE—I will come to that in a minute. Your comment was:

In a speech delivered today on my behalf by Shadow Primary Industry minister Kerry O’Brien, I told the National Farmers’ Federation annual conference the Free Trade Agreement should be off the table as long as the Farm Bill is on the statute books.

That is the press release from the Leader of the Opposition. That is Labor’s position. The farmers of Australia, this House and all Australians should know what this means. The agreement that the Labor Party in government signed in 1994 created a legal cir-
cumstance for the United States to apply that amount on their farm bill. It was signed off by none other than the member for Fraser, the shadow Treasurer. He sold out Australian farmers. The Labor Party in government agreed in those negotiations to legalise under the WTO—

Mr McMullan interjecting—

Mr VAILE—The member for Fraser still does not know what he has done; he is shaking his head. In 1994, the Labor Party in government agreed under the WTO negotiations at the Uruguay Round that the United States could legally apply $23 billion worth of domestic support.

Mr Latham—Mr Speaker, I rise on a point of order. The minister was asked to comment on trade policies—his policies right now, not policies that might have been around eight years ago in a history lesson before the House.

The SPEAKER—The member for Werriwa is aware that by any measure the minister is relevant.

Mr VAILE—For the information of the member for Werriwa, the legal circumstance that exists in the WTO now is what you, the member for Fraser and your government signed off on in 1994. I started to highlight what they negotiated—and it still exists today—that created the circumstance for the current US Administration to implement the current farm bill. They agreed to $23 billion worth of support for the United States, $40 billion worth of support—and these are US dollars—for Japan, and $76 worth of support for the European Union. But what did they negotiate for Australian farmers?

Mr Latham—What? You said $US76.

Mr VAILE—It was $US76 billion. Come on Mark, muscle up! All they negotiated for Australian farmers was $US300 million. That stands today. We are seeking in the Doha Round of negotiations to reduce those levels of support that the Australian Labor Party signed off on and agreed to. Labor sold out Australian farmers when they were in government. We stand here pursuing an aggressive and ambitious trade agenda in pursuit of more jobs for Australians and to make it much fairer for all Australians as far as our trade and our export effort are concerned. All Australians should know that what we are confronting in the US farm bill today was agreed to and legitimised by the Australian Labor Party in government in 1994.

Family and Community Services: Social and Community Services Award

Mr ANDREN (3.04 p.m.)—My question is to the Prime Minister. In light of your comments to Alan Jones on 3 June 2002 that you were having discussions with the Minister for Family and Community Services about the social and community services award and the impact of recent increases, can you inform the House of the results these discussions have produced, given the uncertainty faced by organisations such as Glenray Industries Bathurst in continuing to sustain its commercial woodwork and laundry services, delivered as a contracted disability service provider to the Commonwealth?

Mr HOWARD—I thank the member for Calare for his question. The outcome of those discussions is that an options paper regarding the issue will be before ministers very shortly. I am concerned about some of the cases that have been brought to my attention in relation to that. I will not allow deserving causes to be hurt. Within the bounds of what is our responsibility as distinct from the responsibility of the states, I intend to see that there are no injustices done to important services in this very critical area of need, where many of the workers are not highly paid.

Employment: Work for the Dole

Mr HAASE (3.05 p.m.)—My question is to the Minister for Employment Services. Will the minister advise the House what the Howard government is doing to acknowledge the contribution to the community of those people involved in the highly successful Work for the Dole program?

Mr BROUGH—I thank the member for Kalgoorlie for his question. Today is a very special day because tonight in the Great Hall the Prime Minister and I will be hosting a dinner for Work for the Dole recipients around this country, including people who are supervisors, community work coordinators and participants. They will come here to
celebrate the work that they have undertaken and the work that they have achieved in their electorates. I welcome a number of them who are in the gallery today, from right across Australia, and acknowledge the fine work they have been undertaking.

In the member for Kalgoorlie’s electorate alone there have been over 120 projects and some 880 placements since the inception of Work for the Dole. The participants have been doing very valuable community work in the areas of heritage, the environment and community building. All of these people are gaining a worthwhile experience for themselves and doing something positive for their community. We as a government and as a parliament should be proud of their achievements.

To give you some examples: in the electorate of Barker in South Australia, we have restoration and conservation of the old Mount Gambier jail building and surrounding grounds as a national heritage listed site, owned by the City of Mount Gambier. In Eden-Monaro, we have landscaping and revegetation projects with the Eurobodalla Shire. I visited a gentleman in Solomon in the Northern Territory the other day who is part of the Work for the Dole program and he described it as his dream job. He said he was involved with the aviation museum, assisting staff in the museum—for example, assisting tour guides, assisting with security, helping with exhibits and directing museum participants. In the electorate of Fadden, we have the restoration of a 40-foot Huon pine Army launch. This was used during World War II to rescue injured soldiers in Papua New Guinea and transport them to waiting hospital ships. These are just some of the projects that are going to the very core of what we are as a nation: working together in partnership to help people to feel a part of the community and to do something worthwhile.

Work for the Dole is going one step further because we are now involved in projects of national significance. In WA and Victoria we are now listing and recording, for the benefit of generations to come, the arrival of Australian families to Fremantle and to Victoria so that people can look that information up on the Internet to see what their heritage is and where we have come from. Just as the 2001 census recorded data, this project will put all of that data that has been collected over the years into a useable form. It is another practical example of the fine work that Work for the Dole is undertaking in the heritage, community and environment areas of Australia.

I am pleased to say that there are at least three members of the opposition who have chosen to come along tonight and I thank them for showing support to their communities, as many on this side will be doing. The members for Kingston and Bass will be coming along and I just hope tonight that they will see the energy and commitment that these people have. In doing so, I hope that maybe there will be a transformation on that side to embrace what Work for the Dole is doing for Australia in such a positive form.

Education: University Fees

Ms MACKLIN (3.09 p.m.)—My question is to the Minister for Education, Science and Training. Minister, will you rule out deregulating Australian university fees?

Dr NELSON—I thank the member for Jagajaga for her question, which gives me the opportunity to make some remarks to the House and to Australians about Australian higher education.

Opposition members interjecting—

The SPEAKER—The minister has the call. The minister has said nothing that is in any way outside the standing orders and I recognise him.

Dr NELSON—At the end of the first month of having had the privilege to be Australia’s Minister for Education, Science and Training, I made a number of decisions in relation to Australian universities following consultation with my colleagues. Firstly, there is not a crisis in Australian higher education despite the comments of some. Secondly, the status quo for Australian higher education, if it is to serve the best interests for the next generation of Australians, is something that we should not be prepared to accept.

In response to that, we established a special unit within my department to oversee a reform process. We brought the Business
Council of Australia into that and the Australian Vice-Chancellors Committee. The first of a series of discussion papers has been released by my department, to which the Australian Vice-Chancellors Committee responded yesterday. Along with a number of constructive organisations and individuals, the Australian Vice-Chancellors Committee has made a number of recommendations under what it describes as 20/20 vision. In describing their response to the government’s discussion paper on higher education reform as 20/20 vision, the vice-chancellors have thought about where Australian universities are going to be in 20 years from now and how they will be serving the best interests of the economic and social development of the country.

Ms Macklin—Mr Speaker, I raise a point of order on relevance. This was a very specific question. Will you rule out deregulating university fees—

The SPEAKER—The Deputy Leader of the Opposition will resume her seat. I have listened closely to the minister’s response. He has said nothing that is out of order. The minister is recognised.

Dr NELSON—Honourable members just need to understand the importance and significance of this: the vice-chancellors of Australia’s 38 universities unanimously endorsed a position which they have put to me as the minister proposing a number of fundamental reforms to put Australian universities on a sound footing for the 21st century. One of the recommendations that they have argued—now these are the people who run, live, breathe and know Australian universities—to the government is that it should consider some limited deregulation of Australian fees. So that submission, along with other constructive submissions, will be considered seriously by the government; it will be considered by me.

The other point that should be made in relation to this is this: I said to the opposition when we started this process that it had a choice. The choice was that it could take one of two roads. One road would be to criticise me, to criticise the government, every day in relation to trying to think about policy framework reform in Australian universities. The opposition could issue a press release a day criticising me or the government and on a good day—from the opposition’s point of view of opposing everything—issue two releases. Yesterday they issued two releases—not one, but two. The first was from Senator Kim Carr. You might be interested to know he actually said that universities that did not do much research would ‘languish more or less as teaching-only institutions and community colleges’. In other words, the Labor Party thinks that out of this reform process an increased emphasis on teaching is not to be supported.

Mr Sidebottom—Mr Speaker, I raise a point of order on relevance. That is in no way relevant to the question.

The SPEAKER—The member for Brad- don will resume his seat. I am listening closely to the minister. He has indicated that the future structure of universities depends, I presume, on the way they are funded so I have allowed him to continue.

Dr NELSON—The second fiddle, so to speak, came in when we received the second media release—this one from the member for Jagajaga—late yesterday. In the last paragraph—the press release is about the Australian Vice-Chancellors Committee and universities—it says:

A second report—

this is the second report to follow the first discussion paper, which I released in April—

A second report Strings for Quality had been scheduled for today—

That is what the member for Jagajaga said. Someone has been stringing her along, because when I release the second discussion paper in the next few days it will be delivered to the member for Jagajaga, wrapped in brown paper and tied up with strings. A bloke in Launceston on Friday, when I was opening the Tasmanian Academy for Performing Arts at the university, said to me, ‘Mate, what’s this 50-50 rule all about?’ And I said, ‘It’s a sandwich board, mate. On one side they tell you what they want you to hear and on the other side they actually say what they mean.’
Rural and Regional Australia:
Development

Mrs GASH (3.16 p.m.)—My question is addressed to the Deputy Prime Minister and the Minister for Transport and Regional Services. Would the minister inform the House of what action the government is taking to assist and promote innovative ideas in regional and rural Australia? Has this action been successful? Are there other initiatives being implemented which may further encourage young people from regional and rural Australia to excel in their fields?

Mr ANDERSON—I thank the honourable member for her question. I recall that I spent a very interesting couple of days with her in her electorate last week, where there is no doubt that she is extremely effective in representing the concerns of her constituents and in promoting some very valuable government programs.

Mr Griffin interjecting—

The SPEAKER—The member for Bruce is warned!

Mr ANDERSON—Those include a very innovative cadetship for young people. I was able to spend some time with the pilot group that has now been involved in that cadetship for several months. The program has been extended. Under that program, young people wanting to learn a range of life skills, to interact with the community, to learn how to volunteer or to learn skills that are useful for volunteering are benefiting significantly. I know the member has a very deep commitment to it and it was quite touching to see the way in which those people responded to her concern.

While we were there, we also saw how the community is pulling together through programs like Work for the Dole interactions between various groups with perhaps what might be described as ‘disadvantaged’ or ‘awkward’ positions. Indeed, what was interesting was hearing from the participants in that Work for the Dole program in Nowra how much they valued it. It is not so long ago that those opposite thought that this was a dreadful program. They went right out on a limb to say that it was against the interests of Australian workers, against the interests of participants, that the prospects of coercion were draconian, unwise and unnecessary, but they have backed off now because those who are benefitting from the program find it very valuable.

In addition to that, I was able to announce that the government is putting together a funding package for Sealab, which will give people in that part of the coastal region of New South Wales the capacity to fully research the marine environment so that they are able to conserve it better in the future, and also exploit the natural resource wisely and in balance in a way that will see local investment and jobs benefit. There is quite a range of programs being used. I attended a dinner with the Area Consultative Committee, which was able to outline all the ways they have been interacting in partnership with the Commonwealth government to build investment in Nowra and in surrounding shires. The population of Nowra is increasing by some 2,000 a year. They had over 300 people at that dinner. I believe my colleague the Minister for Employment, Science and Training attended the same dinner last year. It is the very model of partnership between the Commonwealth, a local member and the electorate, producing benefits for all.

Education: University Fees

Ms MACKLIN (3.19 p.m.)—My question is to the Prime Minister. Prime Minister, given the failure of the Minister for Education, Science and Training to rule out deregulation of university fees, do you recall in 1999 pledging your government to the following:

... a clear rejection of the deregulation of university fees—
as well as—
the retention of the prohibition on charging fees for HECS liable places.

Prime Minister, do you still stand by this statement of yours?

Mr HOWARD—I think the Minister for Education, Science and Training clearly and sensibly made it clear to the House that, if we are to have a strong tertiary education sector, we need in the year 2002 to be willing to address proposals for reform, and I support the answer given by the minister for
education. This minister, in the short time that he has been in the portfolio, has brought great energy, drive and intelligence to the Education portfolio. I welcome the fact that the vice-chancellors of the 38 Australian universities are prepared to put forward proposals for reform. I am not saying that we are going to embrace all of them or, indeed, any of them, but we are going to seriously address, as part of a reform dialogue, what the vice-chancellors have put forward.

I say to the Leader of the Opposition and those who vigorously interject—and I borrow the example of the Treasurer when he referred to what Brian Howe was willing to do in relation to the Pharmaceutical Benefits Scheme—that John Dawkins introduced the HECS scheme, which for the first time in Australia’s history since the introduction of so-called ‘free university places’ by the Whitlam government, which had been a conspicuous failure in expanding access to universities to the lower socioeconomic group—a fact attested to by the member for Werriwa on a number of occasions. I thought that what the former minister John Dawkins did on that occasion was correct—it was even courageous—and it drew the support of the then opposition.

The analogy, with the example quoted by the Treasurer, is compelling. It is another illustration to this House that the Liberal and National parties not only behave responsibly in government but also behave responsibly in opposition. All we get from the other side is a cacophony of noise and of negative, obstructive tactics. If we are to build a modern intelligent nation, we do need reform in the tertiary education sector. You need a government that has got the guts to do something about it and you need an opposition that behaves in a constructive manner—

Ms Macklin interjecting—

The SPEAKER—I warn the Deputy Leader of the Opposition!

Mr HOWARD—instead of having a would-be alternative prime minister parroting interjections at an ever increasing rate all through question time, making a complete example of himself and behaving not as an alternative prime minister but as the trade union leader that he remains.

The minister for education has my strong support in what he is doing and he has my confidence. We will examine what the vice-chancellors have said. Nobody should assume anything in relation to fees from that, but what you can assume is that we are open-minded enough to look at reform and to listen to the vice-chancellors, and it is a choice for the opposition as to whether it behaves in this carping, negative fashion or assumes the mantle of an alternative government and starts to behave responsibly.

Small Business

Ms LEY (3.24 p.m.)—My question is to the Minister for Small Business and Tourism. Can the minister inform the House of any information that indicates growth in home based small businesses in Australia? Minister, what is the reason for this growth and what are the threats to this growth?

Mr HOCKEY—I thank the member for Farrer for her question and note that she is a very strong advocate for the small businesses in her electorate, including Peards nursery, which we visited in Albury and which is a great story about a small business that has become a very successful larger business.

Around two-thirds of Australia’s 1.2 million small businesses operate from home, and home based businesses have increased by around 16 per cent per year in the last two years, so it is now the fastest-growing type of business in Australia. There are several factors contributing to this. The most obvious factor is the growth of new technology. Most home based businesses now own a computer, and almost half of those home based businesses are using the Internet for commerce. It means that small businesses are accessing new markets from home rather than setting up shopfronts or industrial premises.

What is surprising is that, of the 780,000 home based small businesses across Australia, almost a third employ staff from home. For these businesses, employing a person from home is a certain risk; it is different to employing someone in an office or in a factory. There are certain risks associated with employing people within your own home.
That is why it is so important to change the unfair dismissal laws to give Australia’s home-based small businesses a better than even chance of addressing a problem in employment within the four walls of their own home. The government is determined to help those small businesses. They represent the fastest area of growth in small businesses in Australia.

We want to remove the risks of employing people at home, and the best way to do that is to remove the application of the Labor Party’s unfair dismissal laws from small businesses. The Labor Party are determined to oppose us in this regard. They do not care about home-based small businesses. They do not care about creating jobs. The Labor Party are only interested in helping their mates in the unions. If they really want to support small business and if they really want to support job creation, they should support our position on abolishing unfair dismissal laws as they apply to home-based businesses.

Mr Howard—Mr Speaker, I ask that further questions be placed on the Notice Paper. During the course of question time, no fewer than 12 minutes were consumed by points of order from the opposition.

QUESTIONS TO THE SPEAKER

Questions on Notice

Ms JANN McFARLANE (3.27 p.m.)—Under standing order 150, Mr Speaker, could you write to the Treasurer and ask him when I will have the answers to my questions—questions 154, 155, 156 and 157—which were placed on the Notice Paper on 19 February?

The SPEAKER—I will follow up the matter raised by the member for Stirling as the standing orders provide.

Broadcasting

Mr KERR (3.28 p.m.)—Mr Speaker, I ask a question of you which I do not intend to be a frivolous question. It is difficult, I imagine, for those sound technicians responsible for the maintenance of an effective way in which members can be heard to get this exactly right. There is no doubt that different members speak at different volumes, but there is a great difficulty when some ministers speak at a volume which in other circumstances would probably be regarded as giving rise to an occupational health and safety issue. I wonder whether there might be some means that you could examine, particularly when the Treasurer is speaking—he being the loudest contributor—to accommodate a situation that enables us to not have a volume so loud that it is discomforting. I notice that this does not appear to be the general case when the Prime Minister answers questions—the volume is adequate to override a normal interjection but is not such as to be discomforting. I do not mean to be frivolous about it; it is actually discomforting.

The SPEAKER—I did not by my smile imply that it was a frivolous question; it is merely one that has frustrated occupants of the chair as long as we have occupied this more copious chamber. Broadcasting are always very professional in the way they deal with this. I will bring your concerns to their attention and see what can be done. I compliment them on the effort they make to ensure the acoustics of this chamber are as good as they are.

Standing Orders: Application

Mr GAVAN O’CONNOR (3.30 p.m.)—Mr Speaker, I seek clarification of the standing order relating to addressing comments through the chair. I notice that many government ministers have a very bad habit of turning their back on you and pandering their egos to their backbench.

The SPEAKER—The member for Corio raises a valid concern. That is, there is an obligation on all members of the House—not just ministers, shadow ministers and backbenchers—to address their remarks through the chair. I have endeavoured from time to time to draw ministers’ attention to that. There are also members on both sides of the House who sometimes forget that they should address other members of the House through the chair, frame their remarks as if they were talking to the chair, and where the
matter is not adhered to it is my intention to draw the minister’s attention to that.

PERSONAL EXPLANATIONS
Mr McMULLAN (Fraser) (3.31 p.m.)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Does the honourable member claim to have been misrepresented?

Mr McMULLAN—Yes, by the Minister for Trade.

The SPEAKER—Please proceed.

Mr McMULLAN—The Minister for Trade in answer to a question today, in referring to the General Agreement on Tariffs and Trade which I signed on behalf of Australia, claimed that I sold out the rural sector in that circumstance. Let me make it very clear that what I signed had the full support of the National Farmers Federation and the National Party.

Mr Melham—The National Party sold out—

The SPEAKER—The member for Banks!

Government members interjecting—

Mr McMullan—You supported it!

The SPEAKER—There are facilities in the House, as the minister and the member for Fraser know, that not only make that sort of interaction fall well outside the standing orders but result in adverse reflections on the House.

AUDITOR-GENERAL’S REPORTS
Report Nos 55 to 58 of 2001-02

The SPEAKER—I present the Auditor-General’s audit reports Nos 55 to 58 of 2001-02, entitled No. 55—Performance audit—Administration of tobacco excise-Australian Taxation Office; No. 56—Performance audit—Workforce planning in the Department of Immigration and Multicultural and Indigenous Affairs; No. 57—Performance audit—Management framework for preventing unlawful entry into Australian territory—Department of Immigration and Multicultural and Indigenous Affairs; and No. 58—Performance audit—Defence property management—Department of Defence.

Ordered that the reports be printed.

PAPERS
Mr ABBOTT (Warringah—Leader of the House) (3.32 p.m.)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the Votes and Proceedings and I move:

That the House take note of the following papers:

DEPARTMENT OF HEALTH AND AGEING

PRODUCTIVITY COMMISSION

DEPARTMENT OF COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS

Mr Latham interjecting—

The SPEAKER—I warn the member for Werriwa!

Debate (on motion by Mr Swan) adjourned:

HER MAJESTY THE QUEEN
Address of Congratulation

Mr ABBOTT (Warringah—Leader of the House) (3.33 p.m.)—Mr Speaker, in accordance with my undertaking to enable further debate to take place in the Main Committee on the Address of Congratulation for Her Majesty The Queen’s Golden Jubilee, I present a copy of the Address which was agreed to by the House on Thursday, 6 June 2002 and I move:

That the House take note of the following paper:

Address of Congratulation—Queen’s Golden Jubilee.

Question agreed to.

Debate (on motion by Mr Swan) adjourned.

Mr ABBOTT (Warringah—Leader of the House) (3.34 p.m.)—I move:

That the copy of the Address of Congratulation—Queen’s Golden Jubilee—Motion to take
note of paper: Resumption of debate be referred to the Main Committee for debate.

Question agreed to.

**MATTERS OF PUBLIC IMPORTANCE**

**Howard Government: Foreign Policy Interests**

**The SPEAKER**—I have received a letter from the honourable member for Griffith proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The Howard Government’s failed management of Australia’s foreign policy interests

I call upon those members who approve of the proposed discussion to rise in their places.

*More than the number of members required by the standing orders having risen in their places—*

**Mr RUD (Griffith)** (3.35 p.m.)—I find it remarkable as we begin this matter of public importance on foreign policy that the Minister for Foreign Affairs has suddenly disappeared from the chamber. He seems to exhibit as much courage in confronting the opposition in this chamber as he does in confronting the opposition within his own party room. We hope he returns and joins us in the debate in due course when he finds time to do so. The foreign policy of a country is a serious business. It is about maximising our national security interests; it is about maximising the national economic interest; it is about sustaining the international order; it is about comprehensive engagement with our region. It is also about maintaining our nation’s international standing.

The remarkable thing about our foreign policy tradition is that in the period since Whitlam it has been largely a bipartisan compact. On national security policy, the Minister for Foreign Affairs has suddenly disappeared from the chamber. He seems to exhibit as much courage in confronting the opposition in this chamber as he does in confronting the opposition within his own party room. We hope he returns and joins us in the debate in due course when he finds time to do so. The foreign policy of a country is a serious business. It is about maximising our national security interests; it is about maximising the national economic interest; it is about sustaining the international order; it is about comprehensive engagement with our region. It is also about maintaining our nation’s international standing.

The remarkable thing about our foreign policy tradition is that in the period since Whitlam it has been largely a bipartisan compact. On national security policy, the Minister for Foreign Affairs has suddenly disappeared from the chamber. He seems to exhibit as much courage in confronting the opposition in this chamber as he does in confronting the opposition within his own party room. We hope he returns and joins us in the debate in due course when he finds time to do so. The foreign policy of a country is a serious business. It is about maximising our national security interests; it is about maximising the national economic interest; it is about sustaining the international order; it is about comprehensive engagement with our region. It is also about maintaining our nation’s international standing.

The remarkable thing about our foreign policy tradition is that in the period since Whitlam it has been largely a bipartisan compact. On national security policy, the Minister for Foreign Affairs has suddenly disappeared from the chamber. He seems to exhibit as much courage in confronting the opposition in this chamber as he does in confronting the opposition within his own party room. We hope he returns and joins us in the debate in due course when he finds time to do so. The foreign policy of a country is a serious business. It is about maximising our national security interests; it is about maximising the national economic interest; it is about sustaining the international order; it is about comprehensive engagement with the United Nations. When it comes to engagement with Asia, whether it was Whitlam, Fraser, Hawke or Keating, it has been based on our recognition that this country’s economic and strategic interests fundamentally link us with the region and cannot be separated from it.

These four pillars of the bipartisan compact of Australian foreign policy were in place for the better part of a quarter of a century, but over the last several years this consensus has begun to crack. We have seen it crack on the question of Hansonism. We have seen it crack on the question of the Howard doctrine. We have seen it crack on the question of the *Tampa*. We have seen it crack on the question of the Prime Minister’s recent statements about the importance of ‘rebalancing’ our relationships away from Asia and in the direction of North America and Western Europe. We are seeing that bipartisan consensus crack, and crack comprehensively, when it comes to the government’s decision to denigrate systematically the United Nations at each and every opportunity.

The big question in all of this is that it has not happened by accident. It is not just because we have had a lacklustre foreign minister and it is not just because we have had a Prime Minister who sees foreign policy as one rolling exercise in the Pomp and Circumstance March—no, it is not because of those reasons, true though they are. There is a central organising principle alive in how this government conducts its foreign policy, and it is this: foreign policy is no longer the prosecution of this nation’s long-term international interests. Instead, it has become the extension of the short-term domestic interests of the Liberal Party. Foreign policy has become the extension of domestic politics by other means. We no longer have a foreign ministry; we have a department of foreign affairs that is entirely subservient to the market research unit of Mark Texter International. It is about key lines and themes; it is not about the nation’s enduring international interests. This degrading of the craft of foreign policy—this degrading of this nation’s bipartisan tradition of foreign policy—has occurred under the stewardship of the now absent Minister for Foreign Affairs, the member for Mayo, Alexander Downer Esquire, gentleman.
The International Criminal Court imbroglio brings all this to the surface. For five years we have seen this government engage in a deliberate strategy of unleashing the demons of the dark side of Australian politics. The Minister for Science laughs, but what you have done in the case of Hansonism is precisely that. You have done it again with the *Tampa*, and you do it consistently when it comes to your systematic denigration of the United Nations. We see the campaign which rolls on against the United Nations Human Rights Commission and the campaign against United Nations human rights special rapporteurs. We see the campaign against the ratification of Kyoto. When it comes to UN human rights special rapporteurs, have we ever heard in this chamber that the same rapporteurs regularly visit other Western countries? Have we ever heard from the minister an admission of the fact that UN human rights special rapporteurs visit Germany, the United Kingdom, Italy and other parts of Europe, including the Netherlands, and from time to time deliver critical reports? It is all part of the business of being part of the international system. That is why we have an international system. But none of those countries has seen fit to unleash a jihad on the UN as this absent and cowardly minister has done.

All of this demands some satisfaction in terms of a response from this minister. What we have seen time and again, through the demonisation of the United Nations, is an attempt to achieve domestic political advantage—the politics of fear—in contrast to the nation’s long-term international interests. The unfolding chronology of the International Criminal Court saga speaks volumes. In 1996 we had the foreign minister, Mr Downer—he has been foreign minister for a very long time—hand on heart making this statement:

> A third initiative to which I want to lend my strong personal backing is the establishment of an International Criminal Court.

That is why I want to make this one of the Government’s prime multilateral and human rights objectives in the next two years. That finished in 1998, by the way. He went on to state:

> The world needs an International Criminal Court and Australia is uniquely placed to help deliver it.

Mr **Crean**—Who said that?

Mr **Rudd**—That was said by the missing foreign minister, Alexander Downer, who has been absent in action in this debate, as he has been missing in action in the debate within his own party and party room.

Mr **Crean**—He’s not even here to defend himself.

Mr **Rudd**—He is not here even to raise a defence. In 1998 we had the initiation of the signature by Australia and other states of the Rome statute underpinning the International Criminal Court. In 1999-2000 we had statement after statement by the foreign minister that Australia would proceed rapidly to the ratification of the ICC statute. We had the matter referred to the treaties committee for a period of 18 months and they recommended that we should proceed with ratification. But, whoops, it all came unstuck, and it has been unstuck for the last month. Alexander Downer and the ICC remind me of Wile E. Coyote with one of those Acme Demolition packs. Boof!—up in your face—and the consequential job of handling the mess afterwards is devolved to others. He spent the better part of the last two to three years telling the world what a fine fella he is, telling the nation what a fine fella he is, pressuring other governments to sign and ratify the International Criminal Court convention, and now, for week after week, month after month, he proves himself incapable of delivering in his own party room. Who is leading the demolition team against Alexander Downer? It is a fearsome triffecta. In the red corner we have Bronnie Bishop, in the green corner we have Sophie Panopoulos—the members for Mackellar and Indi respectively—and the National Party.

The **DEPUTY SPEAKER (Hon. I.R. Causley)**—The member for Griffith will refer to members by their seats.
Mr RUDD—What a trifecta! It is a trifecta that any minister worth his salt could handle, but not this minister, as he cowers into the corner. It has left our Alex entirely mute as far as this whole debate is concerned. Who has the defence now been devolved to? We have Senator Hill and various other ministers in the government—for example, Minister Williams—but have we ever seen the foreign minister on television arguing the public case for why the nation needs an International Criminal Court? No. We achieved the creme de la creme yesterday when, but for a moment, we saw the return of the ghost of John Moore to this chamber. We saw the ultimate response by the foreign minister. When asked, ‘What is your policy on the international court ratification?’ he said, ‘The government’s policy on the ICC is well known.’ John Moore may have passed from this chamber, but let me tell you that the ghost of John Moore lives on in the cerebral cortex of the member for Mayo. This question begs an answer from the minister. He says that the government’s policy is well known, but it begs the question: which policy? Is it Bronnie’s policy? Is it Sophie’s policy? Is it the National Party’s policy? The DEPUTY SPEAKER—The member for Griffith will refer to members by their seats.

Mr RUDD—Is it Senator Hill’s policy? Is it Senator Vanstone’s policy? Is it the Prime Minister’s policy? The Prime Minister seems to have several policies as well. Flip, flop, flap! That is what this government is about when it comes to the International Criminal Court—one rolling exercise in indecision and indecisiveness.

What we have failed to see from this minister is any attempt at a defence. The foreign minister’s management of the ICC debate basically falls down for two reasons. What he has done over a period of five years on a whole range of questions is unleash the forces of the rabid Right—through Hansonism, through the Tampa debate and through associated debates. When it is time to actually bring it home and say that there is one international instrument and one piece of UN cooperation which we need to embrace—the ICC—surprise, surprise: the demons have been unleashed and they have come to bite him on the behind.

The other thing he fails to do is this: what this nation has cried out for for so long is for some honesty from those opposite on the question of how Australia benefits from the United Nations. We have only ever heard from this government how Australia’s interests are damaged by the United Nations. Have we ever heard anything from that side of the House which explains honestly the fact that we could never have achieved what we achieved in East Timor without the United Nations? If there had been no United Nations Security Council mandate could INTERFET ever have achieved its function? Without the United Nations could there have ever been an interim administration under UNTAET? What about the economic reconstruction in East Timor? That has been driven by a multilateral UN effort. Were it not for the United Nations, the entire financial burden of the exercise would have fallen on who? On the Commonwealth of Australia. And when it comes to the issue of refugees, 200,000 refugees were expelled from the east of Timor to the west. How do they manage to find their way back to the east side of the border? Not through the agency of the Australian government, but through the agency of the United Nations High Commissioner for Refugees. Have we heard any exposition of that, any admission of the fact that we benefit from the United Nations? No, we have not. Instead, what they have seen is that it is politically smart—politically cute—to engage in the business of denigrating the UN. And they wonder why they have found themselves in such a comprehensive pickle on the ICC debate.

When it comes to the role of this foreign minister, there is a serious point to be made. That is, the role of a foreign minister in any government at any time is to keep the barbarians from the gate. The role of a foreign minister, like a Treasurer in some respects, is to restrain the impulses of some of his domestic colleagues when it comes to short-term political expediency, mindful of the long-term national gain, the long-term national interest, the long-term international interest. But what we have had with this
minister is nothing of the sort. What we have is a minister who has failed miserably. He may not have been ringleader of each of these strategies on Hansonism, on the *Tampa* and on the Howard doctrine but he has certainly been the cheerleader. He has not been a systematic voice of constraint or restraint as one foreign policy atrocity after another has been committed. Things were much different in earlier periods of Australian foreign policy. Spender had the guts to take on Menzies. Casey had the guts to take on Menzies. Have we seen any evidence that this minister has the guts to take on John Howard? Not on one single occasion.

You see, in this chamber what we have is a minister who from time to time we ridicule as some sort of hybrid of Billy Bunter and Bertie Wooster; a minister who sees foreign policy as something like an extended Edwardian parlour game—a jolly good lark, a combination of the *Boys’ Own Annual* and the things that Rudyard Kipling did abroad. We have a bit of news for this minister: foreign policy and the foreign policy interests of the nation are in fact a serious business.

We actually miss the point in part when we simply allow ourselves to ridicule this minister. It is a serious business and in the diplomatic history of this nation when it is written this minister will be recorded as one of Australia’s longest serving foreign ministers. Our longest serving foreign minister perhaps; certainly he will be our weakest—weak on Hanson when the challenge existed and our international reputation was being shredded; weak on the Howard doctrine as the entire region was told that our single strategic role in Asia and the Pacific was to act as some sort of subregional Wyatt Earp for the United States; weak when it came to confronting the Prime Minister on *Tampa* as our global reputation was shredded; weak when it came to defending the whole proposition, the bipartisan proposition, of our comprehensive engagement in Asia; and weak when it came to defending the United Nations. Weak on the things that matter, Alex, though I would be very cautious to bring that term back to his somewhat troubled memory. He is weak in defending Australia’s long-term interests; weak when it comes to doing the things which this country needs. What this country needs is a foreign minister who will take the mandate of the nation seriously.

When we come eventually to how this thing will be ratified next week, I believe those opposite will ultimately cave in. The Prime Minister will save his bacon and this thing will be ratified, perhaps with a reservation clause of some description or another. But if that happens, the trashing of our international reputation goes on. What we will also fail to do is to be party to this convention by 1 July. That would have enabled us to attend the September conference of the parties, which will determine the judges of the ICC and the members of the office of the prosecutor of the ICC, as well as the rules of procedure of the ICC. What this minister’s inertia has done is rule us entirely out of that equation. If he is not serious about the business of being foreign minister of the Commonwealth of Australia, would he please yield the position to someone on your side of the House who is. The national interest demands it. *(Time expired)*

**Mr McGauran** (Gippsland—Minister for Science) *(3.50 p.m.)*—There is no more humiliating sight for an Australian than to see a craven, spineless Labor Party rushing to appease any and every critic wherever he, she or it might appear in the world. Time and again we have seen the Labor Party sell out the national interest to win over the approval of a critic with some totally unjustifiable criticism of Australia. The Labor Party does it all the time. Just stamp yourself with some international identity or international qualification and you will have on the palm of your hand the Labor Party—the party that signed not dozens but hundreds of conventions, treaties and agreements which were not referred to this parliament, made up of the elected representatives of Australians, but instead signed and executed in secret and in the dark of night on most occasions. The Labor Party has not conducted foreign affairs in this bipartisan consensus manner that the shadow minister would have us believe. When the Labor Party seeks to enlist you in a
bipartisan approach on an issue, you know it is in trouble. The Labor Party does not believe in bipartisanship. It never has; never will.

I was disappointed that the shadow minister would personalise his attacks on the foreign minister. Let me return it in kind. You would go a long way before you saw a more vainglorious, pompous and self-important individual than the shadow minister, who sought to give us an academic lecture about, to quote his words, ‘the craft of foreign policy’—not the business of foreign policy but ‘the craft’, spoken in the high tones that are peculiar to the shadow spokesman.

In actual fact the Minister for Foreign Affairs, Alexander Downer, has rightly, faithfully and dutifully carried out the foreign policy of this country on behalf of the Australian people. There has not been a finer foreign minister than Alexander Downer; his record of achievement is substantial. He takes on hard issues, as the occasional opinion piece or editorial in the media would make it known to us. I was very disappointed also in the shadow minister’s use of language. He accused the government of unleashing a ‘jihad’ on the United Nations. That is very inflammatory and is most inappropriate wording to use, given the connotations and the suffering throughout parts of the world because of jihads.

Mr Sidebottom interjecting—A crusade! Is that what it is?

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Braddon will excuse himself!

Mr McGAURAN—He also drew on an analogy with Wiley E. Coyote. Paul Keating has cracked every Wiley E. Coyote joke that can be extracted from that cartoon character, and the shadow minister is a pale imitation of the former Prime Minister. So a human rights committee from Geneva and some human rights raconteurs—as the shadow minister would describe them—come to Australia and lecture us about human rights, in complete defiance of the facts and without any objectivity or independence, and we are meant to tug our forelocks, plead forgiveness, alter our domestic laws—in other words, kneel and bow to a foreign entity. That is what the shadow minister would have us do.

It was interesting too in his comments that he mentioned that the bipartisan consensus was cracked in regard to Tampa. I seem to remember the Labor Party agreeing to and endorsing unreservedly the government’s actions in regard to the Tampa incident. Of course they did. It is only now that they seek to rewrite history as they seek to rewrite their policy. As has been said many times in this chamber in recent days, the Labor Party had one policy on illegal immigrants or asylum seekers before the election and one after. The one after is to be soft on border protection, and we see that in their opposition to the government regulations to expand the prohibitive area so as not to make the job of people smugglers easy. The Labor Party are easy on people smugglers, which is evidenced because the shadow minister believes that the government was wrong in regard to the Tampa.

What part of the actions taken surrounding the Tampa incident was wrong? That is what I would like to know from the shadow minister. Was it the turning away of the illegal immigrants? Was it the landing of them on foreign soil? What was it? In what regard did the government break down the bipartisan consensus in regard to the Tampa? Australia takes its place proudly and strongly in our region and in other parts of the world. One of the greatest attributes that our region affords Australia is the strength of our economy and the certainty and predictability of our financial system, as was evidenced during the Asian crash of 1997 when Australia stood strongly and almost entirely alone in withstanding the financial devastation which crippled neighbouring economies.

Mr Rudd—Because of the Labor Party’s economic reforms.

Mr McGAURAN—The shadow minister interjects, ‘Because of the Labor Party economic reforms.’ Is that so?

Mr Rudd—The Prime Minister said as much. Read his speech.
Mr McGauran—Of course, we happily concede there were a number of financial reforms undertaken by the government. But we inherited a budget deficit—a Commonwealth government foreign debt—of $96 billion. If we had gone into the financial crisis of 1997 with a budget deficit we would have been devastated, as were our neighbouring economies. It was only the actions of the 1996-97 budgets and the strong fiscal measures undertaken by the government, which the Labor Party opposed in their entirety, that gave us a degree of comfort from the winds of devastation. So do not attribute this to the Labor Party—quite the opposite.

You opposed a surplus budget in 1996-97. To the extent that Australia was able to during that period, it assisted through the International Monetary Fund, three countries. The best known are Thailand and Indonesia. We have a degree of respect and indeed affection in those countries, not just from opinion makers and legislators but from many spread throughout the community, as all of us, anecdotally as well as quantitatively, can demonstrate. That is terribly important, and people in our region have long memories and they know that Australia’s engagement with them at a time of crisis for them was timely and necessary.

As a result we have a closer economic relationship and partnership with ASEAN than ever before. We are pursuing free trade agreements with Singapore and Thailand under the strength and leadership of the Minister for Foreign Affairs. We are moving to substantially upgrade our economic ties with Japan and China. We are a key player in developing new regional forums such as the South West Pacific Forum and the Forum for East Asia-Latin America Cooperation, and we are strengthening our role and participation in existing forums such as APEC and the ASEAN regional forum. Consequently, our trade relationships with a number of our neighbours have blossomed. Total merchandise trade with China has grown 124 per cent since 1996, and China is now Australia’s third largest trading partner. It was our fifth largest when we came to government. Trade with South-East Asia has grown remarkably, notwithstanding the Asian financial crisis. Trade in goods grew by 62 per cent to $32 billion in the first four years of our term in government.

The allegation, indeed accusation, that this government is somehow removed from engagement in our region is totally and demonstrably false and has been proven to be false. It disappoints me that to make his political points the shadow minister—he had to substantiate some aspect of his matter of public importance—would make such allegations at a time when we are giving aid to the region by focusing on governance and economic management to the point of $550 million in 2000, which is up by 50 per cent over two years. What part of this strengthening of our relationship does the shadow minister take issue with: the increase in trade, the further expansion of engagement—bilaterally and multilaterally—or the increase in our aid to the region? What aspect of all of that does he not attribute to Alexander Downer as foreign minister?

And it is not just in our region, even though the Prime Minister and foreign minister have made it a priority, with frequent travel to China, Japan and Indonesia—and our relationships are in excellent shape. Equally, our alliance relationship with the United States has never been stronger. It is a bit ironic, isn’t it, that this attack on the foreign minister and on the government’s conduct of foreign policy should come in the days after the most successful visit to the United States by an Australian Prime Minister in memory? The Prime Minister has strengthened the trade, defence and political ties between the two countries. This pays off. When the United States, six months ago, introduced the steel tariff, Australia quickly won an exemption to a very significant point. We did not go down the gurgler like the European steel-producing countries did. That is only possible because of our special relationship with the United States. We saw it with lamb quotas as well. There was a remarkable victory by the trade minister, Mark Vaile; the foreign minister, Alexander Downer; and the government as a whole, led by the Prime Minister, 12 months ago. You ask lamb producers, who have struggled for years, if not decades, against American barriers of protection—
Mr Wilkie interjecting—

The DEPUTY SPEAKER—I am sure the member for Swan will want to speak in a minute.

Mr McGauran—who is responsible for the increase in trade in lamb with the United States. Do not tell me that this concentration on the alliance with the United States does not bear tangible material benefit to Australians, not just in the steel and lamb sectors but in the general economy. We are going to keep working at it continually. We have a clear-eyed focus on the national interest, as to how it will benefit Australia.

We do not seek—as the Labor Party does—approval for all of our actions. We explain and defend our decisions and our actions in all of the appropriate bodies. We do not run away from them; we do not avoid them. We instead front up to them and proudly state what the Australian view is—not like the Labor Party, which has this constant stream of gibberish, of confusion about foreign affairs. Its track record in dealing internationally is appalling. When the coalition came to government in 1996, we established the Parliamentary Joint Committee on Treaties so that all treaties had to be considered by members of this parliament and there would be no secret deals done, not like the security arrangement with Indonesia. We learned today at question time, through the foreign minister, that his counterpart in 1995 in the Keating government, Gareth Evans, did not even know—because Gareth Evans told Alexander Downer in a phone call—that that security arrangement was being signed. He did not know it was being negotiated; he did not know it was being signed. It was instead a reckless personal flight of fantasy by Prime Minister Keating on his own. This government has made our international dealings much more transparent and therefore accountable.

We do glean aspects of a Labor Party foreign policy, even from the confusion and contradictory welter of statements over the last few months. No-one is more guilty of obfuscating than the shadow minister himself. What we know is that the ALP will, firstly, weaken our border protection. This is undoubted.

Mr Hatton—False!

Mr McGauran—Oh, it is false? The member for Blaxland, whose predecessor was Paul Keating, tells us that that is false. You had better tell the New South Wales conference that. You had better tell the Victorian and Queensland conference that, and you had better tell half your frontbench, because more than a few of your colleagues have gone soft on border protection. Indeed, the whole party has, because you are going to oppose the strengthening of border protection that we have put forward to the parliament. Secondly, we know that you would return Australia to a very narrow focus in the world: Asia and Asia only. We say, ‘Asia first, but not Asia exclusively’. Thirdly, you would elevate the views of United Nations bureaucrats ahead of the interests of ordinary Australians. Of that there is no doubt. Fourthly, you would increasingly distance us from our alliance with the United States.

Mr Rudd—that is a complete lie.

Mr McGauran—You would sell out the alliance. As a result, we would economically and in a defence sense suffer.

The DEPUTY SPEAKER—Order! The member for Griffith knows full well that that is unparliamentary and will withdraw it.

Mr Rudd—Mr Deputy Speaker, in deference to you, I will withdraw the inaccurate statement which has just been made by the minister.

Mr McGauran—Mr Deputy Speaker, I will deal with that after I have finished. I will simply say that the shadow minister is too smart by half. He puts up an MPI; it has rebounded in his face because the Labor Party have never been strong nationalists. They have never been truly Australian and they have never represented Australia’s interests. (Time expired)

The DEPUTY SPEAKER (Hon. I.R. Causley)—I call the honourable member for Swan.

Mr McGauran—I rise on a point of order, Mr Deputy Speaker. You asked the shadow minister to withdraw his unparliamentary language towards me. As I recall, his words on rising to his feet were: ‘In def-
erence to you, I will withdraw the inaccurate allegations made by the minister.'

Mr Rudd—Mr Deputy Speaker, I rise to speak to the point of order. I withdraw the word that the minister took offence to before.

Mr WILKIE (Swan) (4.06 p.m.)—We have just heard an example of why you should not get a boy to do a man’s job.

Mr McGauran—You’re really bright! You’re one of the geniuses of the Labor Party!

The DEPUTY SPEAKER—Order!

Mr WILKIE—The government has failed in its management of Australia’s foreign policy interests. I use as an example the abysmal performance of the government over its ratification of the treaty establishing the International Criminal Court. I want to remind members opposite of two important points about the International Criminal Court. Firstly, the purpose of the International Criminal Court is to be a permanent, international criminal tribunal to prosecute individuals who commit war crimes, genocide and crimes against humanity. Secondly, the establishment of a permanent international court is not a new idea. It has been proposed and debated for nearly 100 years by the international community. The present model of the proposed International Criminal Court emerged from the conference in Rome in 1998 when 120 nations, led by Australia, voted in favour of signing a draft statute for its establishment.

This first point needs to be made to remind government members of what we are dealing with. The International Criminal Court will be a permanent instrumentality to prosecute the perpetrators of war crimes, genocide and crimes against humanity. Recent history obviously demonstrates to a large section of the international community that, sadly, there still remains a need for this court. As recently as the last decade, the world has witnessed appalling acts in Rwanda, Somalia and the former Yugoslavia. We are not talking about the crimes committed by the Nazis that were tried at Nuremberg more than 50 years ago; we are talking about crimes committed in our lifetime.

While the International Criminal Court will not be retrospective, recent history tells us that these acts can still be perpetrated and may be in the future. These are crimes that should come before a permanent international court. The world will soon have such a court but, sadly, Australia will not be a founding member. In fact, the government has not even brought forward the enabling legislation to put Australia in a position to ratify the treaty and has not even placed it on the forward program for consideration. This sends a disturbing message to the international community. Our failure to ratify the treaty will be interpreted by the international community as reflecting our attitude to prosecuting war crimes.

Despite all the posturing by the government in the last six years, particularly by the Minister for Foreign Affairs, when it comes to matching words with actions the government have failed the test. Yesterday, the Prime Minister accused Labor of being weak on border protection. This government are weak on war crimes. This government are weak on genocide. This government are weak on crimes against humanity. This government like to talk the talk on multilateral engagement but cannot walk the walk. When it comes to sound management of Australia’s foreign policy interests, they run at the first sign of trouble. They have a streak of yellow running clear up their spines that influences all decisions they make. They cave in to the lowest common denominator and then pretend to have honour. In the area of foreign policy they are a disgrace.

I want to remind the House of the government’s record in relation to the International Criminal Court. The Prime Minister and the foreign minister have travelled the world in the last six years and postured on the importance of its establishment and their commitment to it, but when it comes to matching their words with actions they have caved in to ill-informed, reactionary views from their backbench. The Prime Minister has shown a complete absence of leadership on this matter. He has failed to defend his support of the court in the last six years. He has failed to stand up to ill-informed opinion from his backbench. He has allowed Austra-
lia’s position to be influenced by representations from the Bush administration during his recent visit to the United States whilst not pushing Australia’s position. You do not lead by following, Prime Minister; you lead from the front.

After six years of lecturing the international community on the International Criminal Court, espousing its virtues and committing to join, this government has buckled. There is only one option left for the foreign minister, and that is to resign. He cannot even be here today to defend his position. His credibility within the international community is in tatters. For six years, he supported the International Criminal Court, until being rolled in his party room by the likes of the member for Mackellar, whose recent public statements have shown her complete ignorance of the International Criminal Court, matched only by her propensity to counter her severe case of relevance deprivation syndrome.

The foreign minister must also resign because he can no longer be taken seriously by his international counterparts as being able to speak on behalf of the government. Australia cannot have a foreign minister who has travelled the world for six years and spoken so regularly and so forcefully in favour of the International Criminal Court only to be rolled by his backbench at the last minute. The worst aspect of the government’s capitulation on the International Criminal Court is the fact that after six years of posturing it still cannot reach a decision on whether or not to proceed—12 days before the treaty establishing the court comes into effect.

Why has the government spent the last six years promoting the International Criminal Court but only now decided it cannot make up its mind whether to support it or not? After all, it is not as if the government has not regularly made very public its clear support for the court. On 10 December 1996, the foreign minister, in a speech entitled ‘Strengthening Australia’s human rights credentials’, had this to say:

A third initiative to which I want to lend my strong personal backing is the establishment of an International Criminal Court.

I believe an International Criminal Court would be an important step forward for the international community in dealing with the most serious crimes of international concern such as genocide, war crimes and crimes against humanity.

That is why I want to make this one of the Government’s prime multilateral and human rights objectives in the next two years. The world needs an International Criminal Court and Australia is uniquely placed to help deliver it.

On 15 June 1998, at the diplomatic conference on the establishment of the International Criminal Court in Rome, the foreign minister also made numerous mentions about why we should ratify. On 28 June 2000, the foreign minister said the following to the joint meeting of the Australian and New Zealand Society of International Law and the American Society of International Law:

Australia’s promotion of the International Criminal Court reflects the Government’s strong commitment to practical and constructive outcomes in the field of human rights.

Only a few weeks later, when addressing the Sydney Institute, this is what the foreign minister said about the International Criminal Court:

... 97 countries, including Australia, have now signed the Statute for the International Criminal Court. This court—which Australia did so much to help create—will not only be able to prosecute and convict perpetrators of egregious human rights abuses, but it will act as a very serious disincentive to commit such acts.

The foreign minister, the current Attorney-General and the former Minister for Defence have issued media statements in 1998, 1999 and 2000 supporting the International Criminal Court. The joint statement, issued on 12 December 1999, contains some interesting and unequivocal statements:

The establishment of an effective international criminal court is a prime foreign policy goal of this government, and one in which I have taken a strong personal interest. Given Australia’s leading role in promoting the Court, it is fitting for Australia to be making an early commitment to ratifying the Statute.

The establishment of the Court is strongly supported within the Australian community.
These are a lot of words from the foreign minister and the Attorney-General—even commitments in December 1999, October 2000 and earlier this year that the Commonwealth would introduce legislation to ratify the statute. We have got the Attorney-General here. I wonder if he could explain to the House where the legislation is. We have not seen it. We know it has been drafted, but there has been no attempt on behalf of the government to actually bring it forward. Where is it? You can sit down there shaking your head and holding it in your hands, but where is the legislation? We want to see it. It needs to be ratified; it needs to be passed. There are a lot of words but there is no action.

The inaction of the government party room today destroys the government’s credentials on human rights. It demonstrates that the government has turned its back on the dark side of human experience and is not prepared to join with the international community in taking responsibility for it. It says to the international community that Australia no longer has a commitment to practical and constructive human rights outcomes. Government members may drivel on about how the decision is yet to be made and that they wanted further consultation but, let us face it, that is why the government established the Joint Standing Committee on Treaties. I cannot remember seeing any of the protagonists from the government at any of the public hearings on this matter and I cannot remember seeing any submissions put forward by them either.

Less than three years ago, the government claimed to have strong community support for the International Criminal Court. Does its lack of a decision today mean there is no longer this strong community support? I believe there is support, but if it is the case that there is no longer this support, what happened to erode it? What some members have done is misrepresent the International Criminal Court as compromising our sovereignty. They have done so because there are votes in suggesting that we face external threats to our sovereignty and that the government is doing something to counter them—never mind that informed opinion universally dismises the notion that the International Criminal Court will compromise our sovereignty in any meaningful way. This informed opinion includes the Attorney-General—

Mr HUNT (Flinders) (4.15 p.m.)—Foreign policy is about the national interest and responsibility, not gratuitous commentary—you would think. But I would like to read a very friendly letter from the member for Kingsford-Smith to the member for Griffith dated 1 June 2001. It begins in such a friendly tone:

Dear Kevin,

I am sorry to have to write this note to you on the need for discipline in public commentary on international affairs.

The letter goes on:

I certainly understand the urgent desire of a back-bench member for personal promotion through contributions to the opinion pages of newspapers and on television. However, there is a risk that gratuitous commentary can send mixed messages to the electorate, media and the diplomatic community.

It is that problem of gratuitous commentary which strikes at the heart of this problem: a failed practice of foreign policy in government by the Labor Party and a continued failure in terms of foreign policy in opposition. How is it that they failed through this use of gratuitous language when they were in government? We need look no further than the first meeting of APEC in Seattle, when the much insulted former Australian Prime Minister, Paul Keating, launched an attack on the Prime Minister of Malaysia, Dr Mahathir, by calling him recalcitrant. The impact of that sent shock waves through Australian diplomacy.

This was followed in 1995, over French nuclear testing, when Gareth Evans, the then Minister for Foreign Affairs, was seeking to further his own career. He gave a wink and a nudge to the French—perhaps an ‘Allez’ or a ‘Ca va’, if you wish—and he told them, ‘It is fine; we accept what the French are doing.’ It was a failure by him to protect Australia’s interests. This was followed by the problem of arrogance in foreign policy when in late 1995 the then Labor government failed to consult the Australian public—or even its
own frontbench, let alone its backbench—over the security treaty with Indonesia. Similarly, they failed to deal with the problem of East Timor in the long term, something which this government did deal with. Importantly, they utterly refused to make any concessions on the signing of an international agreement to ban landmines—concessions which this government was prepared to make.

How does this continue in opposition? As a failed and irresponsible opposition foreign policy. Let us begin with border protection, because this failure is no clearer than on this issue. The current Leader of the Opposition accepted the Pacific solution on 4 November 2001 when he promised to persist with the border protection policy. Yet three weeks later, on 23 November, he decided that it was not working. What had happened in the meantime; what had happened in three weeks? They had lost an election. That was the sole variable. On 3 June 2002, the Leader of the Opposition said that it had also failed. Yet in the period from 10 November to 3 June, how many illegal arrivals had arrived by boat in Australia? Not one. If that is failure, I would like to see the definition of success.

They are confused over their border protection and the Pacific solution approach, they are utterly divided over mandatory detention and now they are confused over migration zones. They do not get the concept that every extra mile that a boat has to travel makes it more difficult and less desirable to travel to seek protection in Australia. The result of all of these things—the changes to the Pacific solution, the division over mandatory detention and the confusion over migration zones—is that they have effectively put out a welcome mat which is simply saying to the people smugglers ‘only joking’. Talk about mixed messages!

I would say this, though: there is one group in Asia that would definitely like a change of government. Who is that group? It is the people smugglers, because if that regime changes then there is a real chance that there will be a change in the way in which Australia is able to ultimately protect its borders and to carry out the policies of sensible and controlled migration. These gratuitous comments in relation to border protection filter through the whole of foreign policy. On 1 April the member for Griffith, the ‘aspiring foreign minister’ as he puts it, said that Australia should do everything possible on the Middle East. On 8 April, a full week later, he warned against Australia taking action on the Middle East. In seven days he did a 180-degree flip. At the same time, having just returned from Zimbabwe, he was responsible for a shameless situation where he dismissed the roles of his parliamentary colleagues, claimed credit for what occurred and nearly led to the disruption of the entire mission. So if we compare that notion of gratuitous irresponsibility with what has occurred—

Mr Rudd—Mr Speaker, I rise on a point of order. The member for Flinders has just made a completely false and unfounded statement about purported remarks about me.

The SPEAKER—There is no point of order. If he has been misrepresented, there are other facilities in the House available.

Mr HUNT—Compare that record with what the Howard and Downer foreign policy has delivered over the last six years in terms of security, dialogues in North Asia with Japan, Korea and China, and in South Asia with India. On the regional front, in South-East Asia we have played a profound role in bringing about the transition in East Timor from a state which was suffering enormously to an independent state with a bright future. Australia’s role in that has provided one of the proudest moments in Australian foreign policy over the last decade. Both the Prime Minister and the Minister for Foreign Affairs will have that on their record as something to be proud of for as long as they live.

In Fiji we played a critical role. In the Solomons we played a critical role with the Townsville agreement in creating peace in that country. In Bougainville the foreign minister played an indispensable role in bringing about a solution to a problem which had lasted for well over a decade. That solution would not have occurred without the direct, focused and immediate intercession of the foreign minister and the Australian government. It is an interesting question. Regarding Indonesia, we also had the first state
visit by an Indonesian president to Australia in 25 years. Only this year we had the Bali conference on people-smuggling. On all of these elements of security the government has played a profound and significant role.

Similarly, on the humanitarian front we have a proud record of achievement beginning with the Ottawa Landmines Convention, where we changed the policy which the Labor Party was not willing to change when it was in government. We also saw the creation of the Centre for Democratic Institutions and a youth ambassador scheme; the creation of critical human rights dialogues with China, Vietnam and Burma; and assistance to Indonesia and throughout the region. Perhaps most importantly, the Prime Minister himself played a vital role as the leader of the Commonwealth troika this year in bringing about a unified Commonwealth position on the atrocities which have occurred in Zimbabwe. This is not something which we should take lightly, because there were disparate views and there were terrible things which occurred, and the Prime Minister brought them together to bring about a result which was a fine step forward.

On trade we also have a powerful history and legacy of success during the Howard and Downer foreign policy years. Firstly, there has been a 54 per cent increase in exports. This has been accompanied by 3.8 per cent growth nationally, and it has been one of the key factors which have underpinned that growth. As part of that we are working towards free trade agreements with Thailand, Singapore and the United States. The Prime Minister has just returned from the United States, where he has achieved a result which was a fine step forward.

The SPEAKER—Order! The discussion is now concluded.

COMMITTEES
Communications, Information Technology and the Arts Committee
Membership
Mr WILLIAMS (Tangney—Attorney-General) (4.26 p.m.)—by leave—I move:
That Mrs May be discharged from the Standing Committee on Communications, Information Technology and the Arts and that, in her place, Mr Ticehurst be appointed a member of the committee.

Question agreed to.

Economics, Finance and Public Administration Committee
Membership
Mr WILLIAMS (Tangney—Attorney-General) (4.26 p.m.)—by leave—I move:
That Mr Pyne be discharged from the Standing Committee on Economics, Finance and Public Administration and that, in his place, Mr P.E. King be appointed a member of the committee.

Question agreed to.

Selection Committee
Report
Mr CAUSLEY (Page) (4.26 p.m.)—I present the report of the Selection Committee relating to the consideration of committee and delegation reports and private members’ business on Monday, 24 June 2002.

The report read as follows—

Report relating to the consideration of committee and delegation reports and private Members’ business on Monday, 24 June 2002

Pursuant to standing order 331, the Selection Committee has determined the order of precedence and times to be allotted for consideration of committee and delegation reports and private Members’ business on Monday, 24 June 2002. The order of precedence and the allotments of time determined by the Committee are as follows:

COMMITTEE AND DELEGATION REPORTS

Presentation and Statements
1 Treaties — Joint Standing COMMITTEE:
The Committee determined that statements on the report may be made — all statements to conclude by 12.40 p.m.

Speech time limits —
Each Member — 5 minutes.

[Proposed Members speaking = 2 x 5 mins]

PRIVATE MEMBERS’ BUSINESS

Order of precedence
Notices
1 Ms Plibersek: to present a bill for an act to amend the Australian Citizenship Act 1948. (Australian Citizenship for Eligible De facto Spouses Bill 2002 — Notice given 4 June 2002.)
Presenter may speak for a period not exceeding 5 minutes — pursuant to standing order 104A.

2 Mr Nairn to move:
That this House:
(1) recognises the invaluable contribution that immigrants have made to Australia’s development;
(2) believes it is appropriate to recognise this through the construction of a monument in the National Capital;
(3) supports the efforts of those who have established the National Monument to Immigration Fund which seeks to achieve this goal; and
(4) remains informed of the progress of this project. (Notice given 28 May 2002.)

Time allotted — 45 minutes.

Speech time limits —
Mover of motion — 10 minutes.
First Opposition Member speaking — 5 minutes.

Other Members — 5 minutes each.

[Proposed Members speaking = 1 x 10 mins, 7 x 5 mins]

The Committee determined that consideration of this matter should continue on a future day.

3 Mr Rudd to move:
That this House:
(1) notes the Government’s plan based on the recommendations of the Private Health Industry Medical Devices Expert Committee to remove speech processors from Appendix A, Schedule 5 of the National Health Act 1953, meaning the withdrawal of private health funding for upgrades and replacements for cochlear implants (bionic ears); and
(2) calls on the Government to find a way that the profoundly deaf, especially children, can continue to secure upgrades and replacements for their cochlear implants by requiring private health funds to continue to cover the cost of the prosthesis. (Notice given 21 March 2002.)

Time allotted — remaining private Members’ business time prior to 1.45 p.m. (ie 15 minutes) plus 30 minutes when private Members’ business is resumed after the presentation of petitions.

Speech time limits —
Mover of motion — 10 minutes.
First Government Member speaking — 5 minutes.

Other Members — 5 minutes each.

[Proposed Members speaking = 1 x 10 mins, 7 x 5 mins]

The Committee determined that consideration of this matter should continue on a future day.

4 Mr Hunt to move:
That this House:
(1) endorses actions taken by the Australian Government to improve the spread of share ownership in Australia and to make shares available to Australians who had not previously owned shares; and
(2) deplores actions that have been taken which limit the spread of shares more generally to all Australians. (Notice given 14 May 2002.)

Time allotted — remaining private Members’ business time.

Speech time limits —
Mover of motion — 10 minutes.
First Opposition Member speaking — 10 minutes.

Other Members — 5 minutes each.

[Proposed Members speaking = 2 x 10 mins, 2 x 5 mins]

The Committee determined that consideration of this matter should continue on a future day.
NATIONAL HEALTH AMENDMENT (PHARMACEUTICAL BENEFITS—BUDGET MEASURES) BILL 2002

Second Reading

Debate resumed from 6 June, on motion by Mr Andrews:

That this bill be now read a second time.

Mr STEPHEN SMITH (Perth) (4.27 p.m.)—The opposition opposes this National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002. We will oppose it at the second reading, at the third reading and in the Senate, and we hope we get the support of the Democrats to defeat this measure. This is a bad measure which will have adverse implications for millions of Australian pensioners and millions of Australian families who are under financial pressure. This is part of the government’s budget measures in respect of the Pharmaceutical Benefits Scheme, and this measure increases the copayments and safety net provisions of the national health legislation. In due course I will move a second reading amendment which outlines the reasons for the opposition’s position on this matter and draws attention to a range of relevant facts and circumstances which go to the government’s measure and our opposition to it.

In the first instance, it needs to be understood that the government’s measure will increase the cost of essential medicines for pensioners and concession cardholders and for Australian families by 30 per cent. That is a substantial increase. It will hit the sickest and the poorest hardest. It will hit the elderly. It will hit those who are least able to afford it, and it will have adverse health consequences. Elderly people will not turn up to their GP and in the longer term we will see adverse implications so far as nursing homes and public hospitals are concerned. There is growing and emerging evidence in other jurisdictions such as Canada and the United States, and I am sure that will occur here when the detailed studies are done, which they ought to be, and which show that $1 you spend on pharmaceuticals will save you $3 or $4 down the track so far as health expenditure is concerned.

This government has a track record, so far as increasing pharmaceutical charges is concerned, of increasing the cost of essential medicines. The provision before us, which was contained in the budget, will mean that families or general patients will pay $28.60 for each prescription. That is an increase of $6.20 per script, and that will be up to a total of $190 extra per year for those families who get to the safety net. So families under financial pressure will have to pay up to an extra $190-odd per year for the cost of their essential medicines. For pensioners, the copayment is proposed to be increased from $4.60 to $5.60, up $1, and that will have the impact of an increase of $52.00 per year for up to a million cardholders and pensioners.

As far as struggling families are concerned, our calculation is that over 300,000 Australians in families in the general category will pay the extra $190 per year. When you combine the increases in this measure with the increases that the government effected in 1996, the copayments have increased by 70 per cent since the government came to office. When Labor left office, concession cardholders paid $2.70 for each prescription. In seven years that has increased to $4.60, an increase of 70 per cent. When Labor left office, non-cardholders paid $16.80 per prescription. From August, under this measure, they will pay $28.60, another increase of 70 per cent. When Labor left office, pensioners were fully compensated for their pharmaceutical costs through the pensioner pharmaceutical allowance. From August, under this measure, they will be $1.70 worse off each time they fill a prescription, or up to $88.40 per year worse off compared with 1996.

These are substantially adverse provisions so far as pensioners, concession cardholders and families under financial pressure are concerned. They hit the sickest and the poorest hardest. They are not based on best evidence, best medicine or best health outcome. The true rationale for this budget measure is to restore the government’s budget bottom line. It has nothing to do with health and nothing to do with the long-term sustainability of the Pharmaceutical Benefits
Scheme. This is the government’s con in this area.

The Treasurer stood in this place on budget night a couple of years ago and said that on budget night this year the surplus should be $14.2 billion. In the run-up to the last election, the government splurged that surplus, doing anything, saying anything, spending anything and advertising anything in its efforts to get re-elected. Now the sickest, the poorest and the elderly are paying the consequences for that. This measure is about restoring the government’s budget bottom line; it has nothing to do with a health outcome.

The true health outcomes will be negative. The result will be that the sickest, the poorest and the elderly will not go to their general practitioners. This will result in adverse consequences for nursing homes and the hospital sector down the track. As I said earlier, growing evidence is emerging from other jurisdictions. A recent study by the Columbia School of Business suggested that each $1 spent on pharmaceuticals saves $3.65 down the track so far as overall costs are concerned in the health sector.

The government’s rationale for this measure is that it will ensure the long-term sustainability of the Pharmaceutical Benefits Scheme. This is a furphy and a con. This has nothing to do with the long-term sustainability of the Pharmaceutical Benefits Scheme. The scheme has operated well for a 50-year period. It was conceived by Chifley and implemented by Menzies. The scheme has worked well for a 50-year period.

Three competing but legitimate public policy interests have been served well. Firstly, we have a viable pharmaceutical research and manufacturing industry that engages not just in domestic activity but also in export activity; secondly, the latest and the best drugs have been made available to Australian consumers at affordable prices; thirdly, those drugs have been made available to consumers at affordable and sustainable prices to taxpayers. Increasing the copayment has nothing to do with the long-term viability of that scheme.

It is true in my view that over the last decade or so, and over this government’s term of office, the average annual increase in the cost of the Pharmaceutical Benefits Scheme has been over 10 per cent—in the order of 12 per cent, 13 per cent or 14 per cent. Whether the scheme will be sustainable for the next 50 years with that level of increase is a separate question. The opposition is very happy to engage in a sensible public policy conversation on this question, both with the government and the community, but these measures have nothing to do with that.

Other Pharmaceutical Benefits Scheme measures contained in the budget do go to the long-term sustainability of the Pharmaceutical Benefits Scheme. Some of those measures go to the use of generic drugs; stopping pharmaceutical fraud both on and by pharmacists; improving listing procedures for new medicines; providing better information both to consumers and to doctors; and increasing the focus on evidence based medicine. There is a whole range of things that can be done to ensure the long-term viability of the Pharmaceutical Benefits Scheme.

This is a classic case of the government saying one thing to the Australian people in the run-up to the election and a completely different thing after the election. In the last financial year—that is, the year leading up to the 10 November election—the increase in the cost of the Pharmaceutical Benefits Scheme was in the order of 20 per cent. The government seeks to use that exponentially high year as part of its basis for whacking the sick and the elderly with a 30 per cent increase in the cost of their essential medicines. Frankly, that 20 per cent increase was mostly due to the government’s own work. The government listed Celebrex. Former health minister Wooldridge was asked about the cost of Celebrex, he said that the more the consumer uses it, the more the consumer will benefit. Cost was not an issue when the government was in the run-up to the election.

The government listed Zyban against some expert advice on cost control mechanisms. The government ignored those cost control mechanisms and listed Zyban, the
antinicotine or antismoking drug. The government was also sprung in Senate estimates. It had calculated that over a four-year period it would recover $288 million from the GST. In Senate estimates—not on the last occasion but the one before—the government acknowledged that the $288 million over four years would not be found; that in fact it would be $40-old million over four years. This is a one-quarter of a billion dollar budget blunder so far as this particular program is concerned. Frankly, the exponential increase in the year leading up to the election was all of the government’s own work.

The early data we have seen for this year—produced by the pharmaceutical industry, because the last time I looked for some unknown reason the government had not produced the usual quarterly statistics in the normal manner—shows that the increasing cost of the Pharmaceutical Benefits Scheme is back to the average annual rate from the last decade, if not lower. The government used an exponential increase in the last financial year and in the run-up to the election as part of its argument for increasing the cost of the copayment. That was, frankly, all the government’s own work. So there is a range of things you can do to sustain the long-term viability of the scheme.

In the course of his budget reply, the Leader of the Opposition challenged the Prime Minister and the Treasurer to cost a range of Labor proposals that would increase the focus on the cost and prescribing patterns of new drugs in the first year on the PBS. That was aimed at seeking to ensure that what occurred with Zyban, for example, does not occur in the future—the cost of Zyban was $70 million over the first five or six months. Other proposals were the inclusion of the full cost of the medicine on the label so that the consumer is aware of that cost, or providing that cost to the consumer in any other viable or effective mechanism—there are a number of provinces in Canada, for example, that provide the full cost of a prescription drug to consumers at the time of purchase—and tighter controls on direct-to-consumer advertising and greater scrutiny of industry marketing. So there is a whole range of mechanisms which go to appropriate conduct by the pharmaceuticals industry, the medical profession and the medical industry which can be used to sustain the long-term viability of the scheme. Of course, the Prime Minister and the Treasurer have been deafening in their silence regarding their response to that challenge from Labor.

It is possible, as the budget papers show, not just to save money so far as the scheme is concerned, because the non-legislative measures related to the government’s pharmaceutical benefits approach are said to save over $800 million over a four-year period. This is essentially a $1.9 billion package—$1.1 billion raised by the government’s copayment measures and $0.8 billion raised by its other measures. Those other measures do go to the long-term viability and stability of the scheme. They are, in general terms, supported by the opposition. As I have said on a number of occasions in this place and outside, we reserve the right to examine the detail of those measures. In a range of those measures, particularly those that go to prescribing processes, the devil is, of course, always in the detail.

DISTINGUISHED VISITORS
The SPEAKER—I inform the House that we have present in the gallery this afternoon the foreign minister from Iran accompanied by His Excellency the Ambassador from Iran. On behalf of the House, I extend to our Iranian guests a very warm welcome.

Honourable members—Hear, hear!

NATIONAL HEALTH AMENDMENT (PHARMACEUTICAL BENEFITS—BUDGET MEASURES) BILL 2002
Second Reading
Debate resumed.

Mr STEPHEN SMITH (Perth) (4.40 p.m.)—Today in question time we again saw the Treasurer saying that unless these measures are passed the long-term viability of the scheme will be threatened; that unless these measures are passed the dangers that the government’s Intergenerational Report draws attention to will be maximised; and that unless these measures are passed the government will stop the prescribing of new medicines on the scheme. This was a very important intervention by the Treasurer today. For
the first time in the Commonwealth’s history we have a Treasurer of the Commonwealth threatening to politically intervene in the expert processes of the Pharmaceutical Benefits Scheme.

The Pharmaceutical Benefits Scheme has worked well for 50 years because, almost without exception—although Minister Wooldridge was known to inveigle—the government of the day has relied upon the expert advice of the pharmaceutical benefits committees to determine the clinical effectiveness of drugs and more recently the cost-effectiveness of drugs. Today we have the Treasurer threatening, cajoling and seeking to blackmail people, saying that if these measures are not passed then drugs will not go onto the scheme. This is the first time we have seen that overt political intervention by a Treasurer so far as this scheme is concerned—a scheme which has served the Commonwealth and the Australian community well for 50 years.

We also saw the Treasurer—again, disingenuously—saying that unless we make these changes now everything that is drawn to our attention in the government’s Intergenerational Report will be lost. This is one of the great furphies of this measure and of this budget. The government’s Intergenerational Report frankly tells us no more and no less than what we knew from the government’s Commission of Audit back in 1996—that we have an ageing population and that there is a risk to the Commonwealth because of increased costs in health expenditure is neither new nor surprising. The government had access to comparable advice in 1996 and it has essentially done nothing to address that. Now, when the government is sprung because it has a deficit and it needs to shore up its budget bottom line, it simply finds it convenient to whack the sickest and the poor, who are the most vulnerable in our community, and raise some easy money. The Intergenerational Report says in the overview at page 1:

... a steadily ageing population is likely to continue to place significant pressure on Commonwealth government finances. In addition, on the basis of recent trends it seems likely that technological advancement, particularly in health care, and the community’s expectation of accessing the latest health treatments will continue to place increased demands on taxpayers’ funds.

The Commission of Audit in 1996 said precisely the same thing. It is not the ageing of our population that of itself causes an increase in demand on Commonwealth funds for health outcomes; it is medical technology and consumer demand for access to new medical technology. The same is true of pharmaceuticals. It is one thing to have a sensible conversation with the Australian community about the long-term viability of the Pharmaceutical Benefits Scheme. It is one thing to have a sensible conversation with the Australian community about whether the Australian community thinks that it is still viable, relevant and appropriate for the Pharmaceutical Benefits Scheme to deal with life-saving drugs, life-extending drugs and life-improving drugs. You can have a sensible conversation with the Australian community and you can do that in a way which sustains the scheme for the next 50 years. But to pretend that whacking the sickest, the poorest and families under financial pressure with a 30 per cent increase in the cost of their essential medicines has something to do with the Intergenerational Report, something to do with the long-term sustainability of the Pharmaceutical Benefits Scheme and something to do with ensuring that the Commonwealth does not go into deficit by 2017—which is what the Intergenerational Report says—is a complete furphy. This is simply a device, a trick and a con by the Treasurer and the Prime Minister to get this measure through.

During question time on one previous occasion, I put to the Prime Minister that in the run-up to the previous election former Minister Wooldridge had said that the cost of the Pharmaceutical Benefits Scheme in the next financial year would be $4.2 billion and that would be sustainable, to which the Prime Minister said, ‘Poor old Michael, dear Michael’—as the Prime Minister refers to him so warmly in question time; Michael of Wooldridge House and Michael of email fame—‘didn’t have access to the Intergenerational Report.’ Michael and the whole government had access to the report of the Commission of Audit in 1996. The
Intergenerational Report tells us nothing that is either new or surprising. It does tell us a couple of interesting things, even if you forgive the Intergenerational Report for the woolliness of some of its estimates. The report states on page 39:

*Alternative modelling*

The projections for health spending are very sensitive to the non-demographic growth rate used. The growth rate, in turn, is quite sensitive to the starting point chosen and whether major policy changes are included or excluded.

The report states on page 63:

*Higher health growth cost*

The projected level of health costs is very sensitive to the choice of growth rate in non-democratic health costs. The higher growth (3.0 per cent) case is in line with growth experienced over the last 12 years, if the impact of the Private Health Insurance Rebate is excluded. This increases health costs, in comparison to the central scenario, by 1.5 per cent of GDP by 2041-42.

In other words, where you end up depends upon where you start and what assumptions you make. The assumptions that the Intergenerational Report makes are, frankly, very woolly indeed. You find, at page 37 and in chart 21 on page 38, the following commentary:

Health and aged care spending is projected using trends in cost per head of population by age and gender. This is then combined with the projected population changes. The main model used in this report separately projects the main components of health spending to allow for different growth rates for hospitals, Medicare and the PBS (Appendix C).

The projected percentage growth rates as a percentage of GDP from 2001-02 to 2041-42, shown at chart 21, are: medical benefits scheme, one per cent to about 1.6 per cent; the Pharmaceutical Benefits Scheme, from 0.5 per cent to 3.4 per cent; health and hospitals, from just over one per cent to about 1.4 per cent; and other, including private health insurance, from about 1.1 per cent to 1.2 per cent. So the chart conveniently uses the exponential growth in the Pharmaceutical Benefits Scheme in the last financial year to beef up the Pharmaceutical Benefits Scheme. The Intergenerational Report does not seek to make a calculation—and I am sure this was done advisedly rather than inadvertently;

I am not aware of it in the Intergenerational Report or from questioning about the Intergenerational Report at Senate estimates—as to what benefit, in terms of cost savings, flow to the medical benefits scheme or hospital and health services or the other provision, including private health insurance, as a result of an increased expenditure on pharmaceutical benefits.

As I said earlier, there is growing evidence from other jurisdictions—and it is a shame there is a paucity of Australian data here—that for every $1 you spend on the Pharmaceutical Benefits Scheme, you save $3 to $4 in other areas. So it may well be that, instead of treating these things in what are technically called ‘health funding silos’, if we took an overall health expenditure view, it might actually be more sensible to argue that a sensible, evidence based, health outcomes based increase in expenditure in the Pharmaceutical Benefits Scheme was a sensible thing to do. But sensible health outcomes are not driving this particular measure. It is all about rescuing the government’s budget bottom line.

Those reasons for the opposition’s position on this matter are reflected in the second reading amendment, which I will move formally in due course. The amendment reads:

> That all words after “That” be omitted with a view to substituting the following words:

> “the House rejects this bill for the following reasons:

> (1) it will necessitate an increase by nearly 30% in the cost of essential medicines hitting the sickest and poorest in our society;

> (2) the true rationale for the bill is to restore the budget bottom line;

> (3) in terms of health outcomes it will be negative, causing sick and elderly people to be deprived of pharmaceuticals and thus increasing pressure on the nursing homes and hospital sectors, despite growing evidence that $1 spent on pharmaceuticals saves $3 - $4 on later health services;

> (4) there are other, more effective, means by which the long term viability of the pharmaceutical benefits scheme could be assured, means which, by proper planning, would put appropriate responsibility on the pharmaceutical industry and the medical profession, rather than on those least able to bear the burden; and
The disingenuous way in which the Government has both told one story about the pharmaceutical benefits scheme before the election and a different story after the election and has used the intergenerational report to pretend that this is a measure designed to ensure the long term viability of the pharmaceutical benefits scheme”. The opposition opposes this measure. We oppose this measure because, in the run-up to the election, the government told one story about the Pharmaceutical Benefits Scheme and now it tells another. In the government’s health policy at the last election, there was not one mention of the Pharmaceutical Benefits Scheme—not one mention. There was no mention about increasing the cost of essential medicines by 30 per cent for struggling families under financial pressure and for pensioners and concession cardholders. There was no mention of the fact that more than a million pensioners would be required to pay an extra $52 per year for the cost of their essential medicines. There was no mention about the fact that 300,000 Australians live in families who will be forced to pay an extra $190 a year as a result of those Australians reaching the safety net maximum so far as the general category is concerned. There was no mention of any of those things. There was no mention in the run-up to the election of the need to ensure the long-term sustainability or viability of the Pharmaceutical Benefits Scheme. There has been no sensible or proper conversation with the Australian community about how that can be effected in the future. It is simply a grab—whacking and slugging the sickest, the poorest and the elderly—to shore up a budget bottom line.

When the Treasurer regales us at question time, saying that in the past the Labor Party increased the copayment, he politely forgets to mention that in the past, when copayment increases have been made, pensioners and concession cardholders have been more than fully compensated by an increase in the pensioner pharmacy allowance. On the occasions on which the government has increased or proposed to increase the copayment measures, as it is doing now, it has not increased in any way the pensioner pharmacy allowance, leading to an increase in the cost of essential medicines for concession cardholders and for general patients in the order of 70 per cent since this government came to office.

We oppose these measures. The government’s argument that they have something to do with the long-term viability of the scheme or something to do with the Intergenerational Report is a complete furphy. They are simply designed to shore up the budget’s bottom line. We will oppose them in this place and in the Senate. In the absence of my colleague, the member for Oxley, I shall continue in the sure and certain hope that someone will shortly emerge to rescue my amendment and formally second it.

Mr Hardgrave—You have got a lot of supporters here.

Mr STEPHEN SMITH—You might be embarrassed, Minister—you might have to second it yourself!

Mr Hardgrave—It is a fairly stunning amount of support you have got for your amendment.

Mr STEPHEN SMITH—The other point worth making is this: if this measure is all about sustaining the scheme in the long term, what has been the effect so far as usage is concerned when a copayment has been increased in the past? The effect has been that the price spike has seen a plateau in the use of the scheme, and then the growth has continued in the same way that it has previously occurred. An increase in the copayment has nothing to do with long-term sustainability but everything to do with a grab for $1.1 million to $1.2 million which the Treasurer desperately needs to shore up his budget bottom line. I move:

That all words after “That” be omitted with a view to substituting the following words:

“the House rejects this bill for the following reasons:

(1) it will necessitate an increase by nearly 30% in the cost of essential medicines hitting the sickest and poorest in our society;

(2) the true rationale for the bill is to restore the budget bottom line;

(3) in terms of health outcomes it will be negative, causing sick and elderly people to be deprived of pharmaceuticals and thus in-
creasing pressure on the nursing homes and hospital sectors, despite growing evidence that $1 spent on pharmaceuticals saves $3 - $4 on later health services;

(4) there are other, more effective, means by which the long term viability of the pharmaceutical benefits scheme could be assured, means which, by proper planning, would put appropriate responsibility on the pharmaceutical industry and the medical profession, rather than on those least able to bear the burden; and

(5) the disingenuous way in which the Government has both told one story about the pharmaceutical benefits scheme before the election and a different story after the election and has used the intergenerational report to pretend that this is a measure designed to ensure the long term viability of the pharmaceutical benefits scheme”.

I see the Chief Opposition Whip is desperate to second the amendment—

Mrs Crosio—Absolutely.

Mr Ripoll—We are all keen.

Mr STEPHEN SMITH—rank has been pulled—and, no doubt, formally reserve her right to speak.

The DEPUTY SPEAKER (Mr Barresi)—Is the amendment seconded?

Mrs Crosio—It is, most delightedly, and I do reserve my right to speak.

Ms LEY (Farrer) (4.55 p.m.)—I am pleased to be able to speak today in support of one of the government’s important budget undertakings, which is to reduce the cost to taxpayers of the Pharmaceutical Benefits Scheme in order that all Australians can continue to have affordable access to necessary medicines. The National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 proposes amendments to the National Health Act 1953. These amendments implement increases to Pharmaceutical Benefits Scheme patient copayments and safety nets, as announced by the Treasurer in the 2002-03 budget, in order to reduce outlays under the Pharmaceutical Benefits Scheme. The amendments will increase the general copayment from $22.40 to $28.60 and the concessional copayment from $3.60 to $4.60 from 1 August 2002. The amendments are estimated to result in savings of approximately $1.1 billion over four years.

It is surely the task of a responsible government not only to look after today but to plan for tomorrow. Our tomorrow contains a significant ageing of the population. Not only is reliance on medication higher in later life, but there is a definite trend towards high-tech health and better medicines. The current generation of baby boomers will demand more expensive treatments that provide a higher quality of life for longer. In this financial year, the PBS is estimated to cost $4.8 billion, 14 per cent more than it did the previous year. Projections show that the percentage of gross domestic product government expenditure on the PBS will increase five times over the next 40 years. It is currently the fastest growing area of health expenditure.

It would not be honest of this government to ignore the inescapable set of numbers that confronts us. These numbers require that we take action, that we plan, that we prepare. This budget measure is part of our planning and part of our preparation. The PBS has been in operation for over 50 years and was originally established to provide access to 139 life-saving and disease preventing drugs to people who would not otherwise be able to afford them. Since then, the purpose of the scheme has widened to provide timely, reliable and affordable access for the Australian community to necessary and cost-effective medicines. Drugs go through a rigorous testing process and are assessed by the Australian Drug Evaluation Committee before they may be recommended for inclusion on the PBS. PBS medicines are available to all Australian residents. Pensioners, Commonwealth seniors, beneficiaries and low-income earners are eligible for health concession cards which provide concessional rate pharmaceuticals. It is worth noting that, as of December last year, 79 per cent of government expenditure on PBS prescriptions was directed towards concessional cardholders. This confirms this government’s commitment to those on low incomes.

An important feature of the PBS which will not be changed by the proposed changes is the safety net arrangement. This has oper-
ated since 1986 and allows for pharmaceuticals to be free for concessional patients and their families after 52 scripts over one calendar year. Under the budget measure, this will mean that a concessional patient will receive free pharmaceuticals after spending $239.20 in a calendar year—an increase of $52 over the present rate of $187.20. The safety net also exists for general patients. Under this measure, if patients or their families pay more than $874.90—a calendar year on pharmaceuticals, they are entitled to be charged at the concessional copayment rate of $4.60 for any further purchases that year. We have an increase, the maximum effect of which will be $52 per calendar year for concessional patients and $188.90 for general patients. The average number of scripts per health cardholder each year is 19, so the announced changes will cost the average cardholder just $19 a year.

Remember, if a drug is priced below the copayment rate—now $22.40 and set to rise to $28.60—there will be no change for consumers. Mothers, like me, buying asthma medication and antibiotics for children will not be affected because the price of these medications is below $22.40. This bill does not raise the cost of prescriptions across the board for everyone, as has been widely misreported by the media and the Australian Labor Party. In fact, the member for Perth has just made the statement that the copayment for concessional cardholders is going up from $4.60 to $5.60. It would help if the opposition figures were correct.

I am not for a moment suggesting that these increases are trivial sums, easy to manage within a low-income budget. I know they may not be. In recognition of the cost of health care, pensioners and some other benefit holders receive a pharmaceutical allowance to offset the patient payment for PBS prescriptions. The allowance is currently $2.90 a week, paid fortnightly, regardless of how many prescriptions are filled. The aged pension increased by $10 per fortnight in March and is due to increase again in September in line with indexation which, hopefully, will make any increases more manageable. Cost increases are never easy to manage, but we are faced with a health budget that is increasing almost exponentially, and, as the Treasurer says, doing nothing is not an option. At least, it is not an option for this government.

It is worth looking in closer detail at why we have such high PBS costs and what other options are available to us. PBS expenditure is not, of course, capped. The more drugs that are prescribed, the higher the cost goes. There is no market signal to say, for example, ‘Warning: the government has now passed the point where expenditure on medicines is cost effective because it is preventing greater strain on the health budget later on.’ Doctors, wishing the best for their patients, in many cases continue to prescribe the Rolls Royce version of the drug needed. Consumers continue to purchase the drugs at a price far below what the government actually pays the pharmaceutical company for them. They have no way of knowing, for example, that the antismoking drug, Zyban, has a value of $249.51 a script. If they did, would it make a difference the next day when they put medications away in the bathroom cupboard after taking one or two and leaving it at that? I would hope that it would. Chemists certainly report to me that the number of unused, out-of-date tablets and medication brought back to pharmacies for free, safe disposal is quite considerable. We cannot make consumers take their medicine, but these sorts of practices are costing the community dearly. This can partly be explained by the fact that the market signals are lost.

Of course, we recognise that the provision of health has many of the features of a public good and full cost recovery from consumers of pharmaceuticals should not happen. And it does not. If this bill is passed, the government will recover just 19 per cent of the cost of the scheme from the users of the scheme. As I have touched on, high PBS costs are in part due to inappropriate prescribing of medicines. Doctors need to prescribe the most effective, least expensive medication for the situation, and patients need to administer these properly and responsibly, otherwise the whole exercise is a waste of time. Upward prescription has seen the new drug,
Celebrex—authorised for chronic arthritis—being prescribed on subsidy for sports injuries. This has led to the cost to the PBS exceeding what was expected and reasonable. The member for Perth recommends that we take steps to remedy this. I am pleased to say that in the last budget, we have. We have planned a range of initiatives to ensure that medicines are prescribed effectively. We are working at improving the rules and ensuring that doctors prescribe within the rules.

Another reason for increased PBS costs is increasing community awareness of new-age wonder drugs, which are usually extremely expensive. Biotechnology and research into the human genome is leading to the development of a new generation of pharmaceuticals. As with other high-cost drugs that improve and extend life, no-one should be denied access to new medicines that can ameliorate the effects of disease. But the cost must be borne somewhere. The lion’s share will still be the government’s responsibility, but this bill shares a portion of the cost equitably. Yet another cause of PBS increases is that our health messages are working. People who previously put up with, or were unaware of, conditions such as depression, high cholesterol and diabetes have turned up at their doctors and are now being appropriately medicated. This is a good example of the PBS working efficiently now, in order to save a greater cost to the health system later on. Some other positive examples of our health system working well are budget initiatives which contain measures for improving cancer treatment in regional Australia, better diagnosis and treatment of arthritis, new medical services to treat eye deterioration in older Australians and a $55 million initiative on palliative care.

The Senate has indicated that it will not pass the PBS measures contained in this bill. How disappointing. The Senate is in the comfortable position of bearing minimal risk and suffering minimal consequences. We in the government are forced to bear the risk and suffer the consequences. This is because we simply cannot responsibly stand by and allow our fiscal position to deteriorate, as it most certainly will with the increases in government spending that will happen if we take no action with the Pharmaceutical Benefits Scheme. The PBS has grown, on average, at an annual rate of 14 per cent for the last 10 years, from $1.1 billion in 1991 to almost $5 billion this year. Our health minister has clearly stated how irresponsible it would be of this government to sit back and not tackle the unsustainable growth in the PBS. Our minister has said that sitting back and waiting is just not an option.

What are our alternatives? Modest, careful, equitable increases as proposed by this bill, or cuts to the extent of support the PBS is able to give, by way of subsidy, to life-saving medicines? Every Australian expects to be able to access the medication they need, and the Howard government is absolutely committed to ensuring that they can. But, if our PBS is to continue to meet this need, we must put in place policy settings that will keep it affordable. Even with the announced increases in copayments, consumers will still only be contributing just one-fifth of the total cost of the PBS. Copayments, in case members opposite have forgotten, were introduced by the Labor Party in 1990. Indexed copayments were introduced by Labor. Now, apparently, they are backing away from this policy. Is it just to take a contrary view? Is it just to oppose our policy? How do they propose we manage to keep drugs which control ovarian cancer, costing $2,488 per script, or medication for prostate cancer, costing $1,214 per script, without the PBS? How do they propose that we keep these medications affordable for the ordinary man and woman in my electorate? As the Prime Minister recognised in question time today, if we are going to build a modern intelligent nation, we are going to need a modern intelligent opposition. I urge members opposite, and all members of both houses, to support this bill.

Mrs Crosio (Prospect) (5.07 p.m.)—I too rise to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 which will increase the cost of prescription drugs listed under the Pharmaceutical Benefits Scheme by up to 30 per cent to $28.60 for general patients and to $4.60—an increase of $1—for pensioners and cardholders. In its recent budget the government outlined the proposed
government outlined the proposed changes to the Pharmaceutical Benefits Scheme. They are presented in more detailed form in the bill before the House today. The changes effectively mean that 300,000 Australians are in families that will pay an extra $190 a year for essential medicines, while pensioners and cardholders can expect to pay an extra $52 a year.

It is becoming a trademark of this government to say one thing before an election and then to take a completely different course of action after the election. Its decision to increase the PBS is no different. Before the election, the cost of the Pharmaceutical Benefits Scheme was not an issue for this government. We saw that with the government’s decision to list under the PBS scheme the expensive drugs Celebrex, which treats arthritis, and Zyban, an antismoking drug. The former health minister, with the full support of the Howard government, ignored the cost advice of the Pharmaceutical Benefits Advisory Committee and placed Celebrex on the PBS at a higher than recommended price, consequently blowing out the PBS budget by at least $600 million. Before the election the government defended that decision and defended the importance of increasing government subsidies to the PBS. The former health minister said:

The listing of the Pfizer drug Celebrex was the most important decision in the 52-year history of the PBS.

This was even though the previous chair of the Pharmaceutical Benefits Advisory Committee, Professor Don Birkett, described Celebrex as a drug ‘with small, if any, benefits over existing arthritis drugs’. In a letter to the Herald Sun of 20 June 2001, the former health minister wrote:

Last year the Government spent more than $500 million on providing subsidised cholesterol lowering drugs and that amount will be even greater this year.

This was before the election. After the election the government’s argument is that we now need to cut government subsidies to medicines listed under the PBS and that consumers should pay more for their essential medicines. In his second reading speech, the new minister who introduced this bill in the House of Representatives said:

... with the announced increases in copayments, consumers will be contributing just one-fifth of the total cost of the PBS, or around $1 billion a year.

A clear pattern starts to emerge. Before the election the government gloated about how it has spent millions of dollars on subsidies for medicines through the PBS and it said that that would continue. After the election the government reduces its subsidies to the PBS and argues that the PBS is a drain on the budget and that it now needs to be brought into line. We on this side of the House are in favour of supporting structural and administrative changes to the Pharmaceutical Benefits Scheme. Labor will support government proposals to increase the long-term viability of the scheme, and these measures include increasing the use of genetic drugs where appropriate, stopping pharmaceutical fraud, improving the listing processes for new medicines, providing better information and guidance for prescribing doctors, and increasing the focus on evidence medicine. Labor have supported all those government measures, but we will not be supporting the measures proposed in this bill. That is why I was so delighted to second the amendments moved by our shadow minister. We believe the measures proposed in this bill are grossly unfair to the people who are most in need.

I would like to remind the government of recent research from the Parliamentary Library which shows that the Australian government’s spending on drug subsidies is proportionately lower than in comparable countries such as Canada, New Zealand and Britain. The Parliamentary Library’s research also stated that cost controls on the PBS should take into consideration three major objectives: universal access, comprehensiveness of medicines available, and responsible costs to the community. Our argument is that increasing patient payments may reduce PBS costs as far as the government is concerned, but it could also compromise the system’s universality. More importantly, the report stated:

There is also overseas evidence that increases in co-payments can result in patients not filling their
scripts, this of course involves the significant risk of deferred health care costs that will eventually be borne in other areas of the health care system.

This government has constantly betrayed the trust placed in it by the Australian people. However, we ask: are the increases proposed in this bill justified? Along with the 2002-03 budget, the Treasurer released the Intergenerational Report which supposedly outlined the challenges an ageing Australian population will face in 40 years time. The report should have provided an opportunity to start informed debate about the challenges of an ageing population. Instead, the Howard government has used the report to mislead the Australian people in order to provide a smokescreen for spending cuts. The Intergenerational Report shows that demographic changes in Australia will actually have a positive impact on the federal government until 2016-17. In fact, a forecast decline in expenditure on family tax benefits, higher education, superannuation and pensions will drive a fall in federal outlays to the tune of 0.6 per cent of GDP, representing a massive $5 billion in budget savings.

However, the government is convinced that it must cut spending to essential areas. The government will claim that this increase in cost is necessary because the cost of the Pharmaceutical Benefits Scheme has recently spiralled out of control. However, data published recently by the Australian Pharmaceutical Manufacturers Association—the APMA—shows that pharmaceutical costs have not spiralled disproportionately out of control compared with previous years, despite the massive 19 per cent increase last year. Data for the first three quarters of 2001-02 indicate that PBS growth for the coming financial year is likely to be below 10 per cent—still below the last decade’s average growth. The data provide no support for the Howard government’s excuse for massive hikes in the cost of medicine; namely that the Pharmaceutical Benefits Scheme is spiralling completely out of control.

I would again like to remind the government of the Parliamentary Library’s research which clearly states that an important point to remember is that the high PBS cost—ever increasingly high cost—does not necessarily translate into unsustainability. The Howard government has always said that increases in the PBS between eight per cent and 10 per cent are acceptable. Only last year, former health minister Wooldridge, who was a leading figure in forming this government’s current health policy, said:

In the last four years, the average increase each year in PBS costs—from 1996-97 to 1999-2000—has been 10.7 per cent.

He went on to say this was ‘a reasonable level of increase’. What justification therefore has this government for this massive 30 per cent increase which this bill is endeavouring to provide?

If implemented, these changes will affect every Australian family. The hardest hit, as I said, will be the sick and the poor, the pensioners and the families who are already struggling. I believe that this is a drastic measure and all the evidence and research supports the opposition in believing that there can be absolutely no justification for the government increasing the cost of prescriptions for general patients or for our pensioners or our struggling families by that massive 30 per cent. The pharmaceutical hikes in the budget have nothing to do with health and everything to do with the budget bottom line. They are designed simply to restore the damage the coalition did to the budget in its panic driven pre-election spending splurge.

Since it won office, the Howard government has gradually set about destroying the Pharmaceutical Benefits Scheme. In fact, since 1996 the cost of pharmaceuticals has increased by a total of 70 per cent. When Labor left office in 1996 the cost per prescription was $16.80 for general patients and $2.70 for pensioners and cardholders.

Another worrying sign for the Pharmaceutical Benefits Scheme is what was reported in the Sydney Morning Herald on 11 June 2002 in regard to the Prime Minister’s current push for a free trade agreement with the United States. Caroline Overington reported that the US based pharmaceutical companies are ‘campaigning like mad against a free trade agreement with Australia’. Overington states:
The company leading the charge is Pfizer, the makers of the impotence drug Viagra. Pfizer insists that the trade between the two nations cannot be considered free until Australia scraps its Pharmaceutical Benefits Scheme. Pfizer believes that the PBS distorts the market value of their drugs.

However, Pfizer is not alone in arguing that the PBS should be scrapped. Overington also states that ‘all the pharmaceutical companies believe the PBS should go’.

We now know that our Prime Minister has been very busy lobbying the United States for a free trade agreement, which I believe would be a good thing if it came about—particularly for Australian trade. However, will a free trade agreement with the United States be at the expense of our Pharmaceutical Benefits Scheme? Will Australian people who are sick and depend on medicines being affordable still have access to life saving drugs listed under the PBS or will the PBS become yet another casualty of the Howard government? We have already seen under the former health minister the quid pro quo relationship this government has had with some pharmaceutical companies. Will we now in time see this relationship abolish the PBS? I certainly hope not.

The opposition have made no secret of the fact that we oppose these changes to the PBS. We will oppose them because we believe they are unjustified and that they are an indirect way of raising revenue after the Howard government has plunged the budget into deficit. We will not on this side of the House be bullied by the Treasurer’s rantings in question time today when he threatened that if we do not pass the bill in the Senate no new drugs will be added to the Pharmaceutical Benefits Scheme. I would like to remind members opposite of some words that the Prime Minister said in 1993 when he was opposition leader:

All that the opposition is doing on this occasion is doing what oppositions almost for time immemorial have done in the Senate, and that is to exercise their right to vote against particular measures .... We have resisted the attempt by the government to unfairly categorise what we are doing as an attempt to wreck the government’s budget. All we are doing is voting against measures that your Prime Minister—meaning our Labor Prime Minister at the time—should have told us about six months ago, but he did not tell us about. We would not be voting against these measures if your Prime Minister had been honest with the Australian people.

That is available in the Hansard of 18 October 1993.

The Prime Minister in question time only recently justified his 1993 stand on the grounds that it involved a budget that came down within a few months of an election in which it was claimed by the then opposition leader that the government had dishonoured commitments they had made to pensioners and increased without warning charges on the Australian community. Does that sound familiar? I repeat: it was because we had dishonoured commitments made to pensioners and increased without warning charges on the Australian community. Why don’t we go back and remind him of what the Pharmaceutical Benefits Scheme will be with its increase, and what would happen with the disability support pensioners if they have to get out and work more than they have to now and how they will be victimised as well? The Prime Minister’s own words could not have put it better as to why we in the opposition reject this deceitful, unjustified and damaging increase in essential medicines. I believe, hope and trust that sanity will prevail and that the amendments moved by the opposition will at least see the light of day.

Mr Baird (Cook) (5.21 p.m.)—It is particularly interesting to follow the member for Prospect in the debate on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002. I think she was drawing some incredibly long bows in terms of the free trade agreement with the United States. But still, it is very difficult to find valid reasons to object to this particular legislation, so any long bow will do.

The proposals before the House and the comments that have been made by Labor really highlight the hypocrisy that exists on the opposition benches. The reality is that it was the Labor government, when they were in power, who introduced these payments for pensioners and others because of the continuing rise of the PBS. It was not this side; it
was you who introduced this scheme. And you have simply recognised that there is a problem. The member for Werriwa constantly referred to it in various press releases and in speeches about the continuing escalation of the PBS and, as he put it, the question of middle-class welfare. Of course, when we actually do something about it, then it becomes a different story.

It is a question of all care and no responsibility. They say that this should be blocked in terms of the budget, without any proposal of where the money is to be found, because that is the way they operate. When they were in government they managed to rack up $85 billion in debt—all care and no responsibility, and not a great degree of care when they were in government. It was just a case of putting it on the old credit card and someone would pay for it in the future. Well, we have repaid some $60 billion of that since coming into government and we need to take a responsible view. If we do not take the small incremental steps that are necessary then the new drugs which are being developed at an increasing rate will not be able to be included in the PBS in the future. The claim is that they are actually looking after the poor, the oppressed, the struggling, the weak and the battlers. In fact the reality is something quite different. In regard to the cost, the maximum that the pensioner would pay is $1 per week up to a total of $52, but the average of 19 prescriptions per year shows that this is $19, which is about 50c per week, and that is all that is involved in this.

The reality is that there is a lot of middle-class welfare. I know that from going to see a specialist about a sports injury. He said to me, ‘Just go on to Celebrex. If you have got a sore arm we can fix it. I take Celebrex when I am going for a marathon swim.’ This was a specialist at Royal Prince Alfred Hospital who just said, ‘That’s the way to go.’ That is one of the reasons why it has escalated beyond belief. The portrayal is that it is the battlers simply using it for arthritis when in fact we have many of the middle-class in Australia using it for various sports injuries. It is a quick fix in order to stop inflammation instead of following the normal processes, such as massage and anti-inflammatory drugs—away they go with the Celebrex or Vioxx.

Mr Hardgrave—They need it before question time.

Mr Baird—That is true. If we look at the cost in the 1991-92 financial year, we spent $1.23 billion on the PBS. In 2001-02 that figure had blown out to $4.83 billion. This is a huge increase, and anybody who sits on the Expenditure Review Committee must see all the red lights go on. How can this graph continue to increase at this rate and this be financially and economically responsible? If the PBS grew an incredible 26 per cent from last year—and this is on top of the 20 per cent growth in the year before that—the average annual growth over the last 10 years has been around 14 per cent.

If we had had a constructive approach from the opposition where they could have seen that this was an issue and recognised that, when they were in government, they had to take steps in order to retard the growth of this continued escalation of PBS health costs, and if they would now make suggestions, it would have helped. But not at all; they are just going to oppose it. It is as if there is no tomorrow—they say, ‘Never mind; we’ll just put the blanket on it.’ By any measure it is unsustainable growth. We simply cannot allow it to grow at this rate. The estimate by Treasury is that, if you allow it to continue as it is for the next 40 years, it will be something like $60 billion—in today’s terms, not tomorrow’s terms. They are objecting to incremental changes. The member for Swan simply says that it is revenue raising, and the shadow Treasurer said we are slugging the poor, the sick and the elderly, which is quite far from the truth.

The opposition leader sat here as one of the ministers when Labor were in government and he listened as Treasurer Keating brought down the 1990-91 budget where, for the first time ever, pensioners and concession cardholders were to be charged for subsidised medicines. Let me read out an extract from Hansard from 21 August 1990 because it bears repeating in the context of today’s debate. The then Treasurer Paul Keating was standing at the dispatch box with Minister Crean sitting there listening to him, probably
nodding his head in strong agreement. He said:

... the Minister for Community Services and Health is announcing tonight the most far-reaching restructuring of the Pharmaceutical Benefits Scheme since it was introduced.

Since 1948 this scheme has enabled all Australians to get the pharmaceutical drugs they need at an affordable price.

But today, scientific advances have resulted in a massive increase in the number and variety of health care drugs available.

It took almost 40 years—from 1948 to 1985—for the costs of that scheme to grow to half a billion dollars.

It took only another 4 years for the costs to grow by another half a billion dollars.

And in another three years those costs would have reached over $2 billion were we not to have acted now.

The alternatives are stark: reconstruct the scheme so that it remains fair for everyone, or lose the scheme altogether, so that access to complete health care would only be available to the wealthy.

This is a statement by then Treasurer Keating. He comes in here and it is not as if it is a hundred years ago; it is only about 10 years ago when he was Treasurer. He stood here, and Minister Crean was there, and this is what he said. It sounds as if it is directly out of a quote from the current Treasurer when he says that these increases cannot go on at this rate without some measures to refine the process—small incremental changes. It is as if they cannot remember this at all. This is a direct quote from the speech of your Treasurer when he says that these increases cannot go on at this rate without some measures to refine the process—small incremental changes. It is as if they cannot remember this at all. This is a direct quote from the speech of your Treasurer when he says that these increases cannot go on at this rate without some measures to refine the process—small incremental changes.

Keating then went on to announce that the general pharmaceutical charge would be increased from $11 to $15 per prescription and that there would be a new standard charge of $2.50 applying to all social security recipients and to all families who were receiving the family allowance supplement. Until this budget, fully supported by the Leader of the Opposition and many of the members opposite, no pensioner paid for drugs subsidised by the PBS. The government of the day recognised that the growth in the scheme was unsustainable and made moves to address that.

Let us put the changes that have been proposed in this legislation into perspective. Let us look at some of the drugs. With the high cholesterol drugs, which are again designer drugs, the patient comes in, talks about their high cholesterol and, in a number of cases, instead of suggesting to them that they change their diet, the doctor prescribes these high cholesterol drugs. In many cases, they are absolutely necessary and worth while—for those who have a strong medical reason. But look at the way in which it was escalating—there is a cost of $501 million for Lipex, Zocor and Lipitor. The new cost to the concessional cardholder is $4.60. The average price is around $60 a script. The average price of Celebrex, which I referred to before, is $46.92 and the cost to the government is $142 million. The new cost to the concessional cardholder is $4.60. Of course, those who are running in marathons and so on simply get access to their Vioxx and their Celebrex and the government pays. There has to be a limit on it, while at the same time recognising the great good that these drugs do. The need for moderation is absolutely important.

The opposition fails to recognise the changes and the developments in the production of new drugs. Those are terrific, as the pain is eased for many people and a lot of their suffering is reduced. We, of course, would want to support that but, unless these changes are made, then that is put in doubt.

A question mark will need to be put against some of the new and expensive wonder drugs in the scheme. If Labor succeeds in knocking these charges back, it cannot be too far down the track when a government really needs to look at whether new drugs are able to be added to the list or not, which would be a great pity. The very people that it is said the Labor Party represents will be disadvantaged. This bill proposes amendments to the National Health Act to ensure that people around Australia can continue to benefit from the PBS many years from now.
The bill will see the general patient copayment change to $28.60 from the current $22.40, effective from 1 August. Secondly, the concessional patient copayment will change to $4.60 from $3.60, from the same date. Importantly, the safety thresholds are also being adjusted. The absolute maximum extra that could be paid by a concessional patient over the year is $52. After that, they pay nothing. The average health care cardholder only receives 19 scripts a year.

Another key point to remember when talking about the costs of various drugs is that only the maximum payable amounts under the PBS are going up. The ALP has been keen to fan a misinformation campaign, because many of the drugs have not gone up at all. The increased result in savings, however, of around $1.1 billion over the next four years is an important step in making the scheme more sustainable.

My electorate has an unusually high proportion of seniors. These people will naturally rely more heavily on the PBS and some of the medications it subsidises. They therefore have a very real interest in keeping the scheme on a sustainable footing. It is on behalf of those constituents that I speak, because what we have before the House is a debate about whether this scheme should be curbed or whether it should continue at its exponential rate of growth—whether it should be curbed in the longer-term interests of ensuring that we have new drugs able to come onto the market which can assist people in their suffering or pain or whether we simply have a scheme that is taken advantage of by middle-class couples around Australia to meet their own needs.

The way in which prescriptions are being dealt with across Australia means that the cost has blown out from $1 billion 10 years ago to more than $4 billion now. That rate of growth cannot be sustained. If the ALP are serious, they will look at ways in which they could negotiate with the government and suggest ways in which we could reach the same objective. But no, they do not want to do that. They would simply turn their back on what their own Treasurer said when they were in government about what needed to happen to this scheme. He said that the rate of growth could not be continued, that the way in which the cost had blown out had to be curbed. This was their Treasurer when they were in government. It is not about simply attacking those who are most in need, because the limits are there, the safety net is there.

It is a sensible proposal by this government. It is a very shallow argument to simply oppose it, because it shows lack of responsibility by the opposition. It fails to acknowledge what they did in government and is a pure piece of absolute hypocrisy. It also fails to recognise the growth in pharmaceuticals and the way that changes need to be made on a responsible and incremental basis. I believe the approach is appropriate, and I commend the Treasurer for the changes that he has made to ensure that in the future those in our community who are least able to afford it can have access to many of the new drugs that will come on the market.

Mr RIPOLL (Oxley) (5.35 p.m.)—I have to say, listening to just a couple of the members from the government talking about the changes to the Pharmaceutical Benefits Scheme, that I have never heard so much garbage in my life. It is as simple as that. I could find a whole heap of other more eloquent words to use, but that is about what we have heard. It is just garbage. Most recently, we heard the member for Cook saying that we cannot afford to continue, that it is growing out of proportion. What have you been doing for the last six years in government? Have you waited for it to blow out of proportion to then just get rid of it and to start hacking into the pensioners? Why didn’t you do something about it? It is not as if you did not know it was coming. It actually blew out some time ago, if that is what you believe. As the member for Cook scurries out of the House because he does not want to listen to the truth, I can tell him that he is completely wrong.

Just a little earlier we heard the member for Farrer. The member for Farrer introduced a new concept into this place: if you want to save the taxpayers money then what you have to do is slug them. It took me a while to figure this out, but that is what the member
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for Farrer said. She said, ‘This bill will save taxpayers money.’ How does it save taxpayers money to charge 30 per cent more? How do you save taxpayers, pensioners—or are pensioners not taxpayers; maybe that is what she was referring to—money by charging them an extra dollar? An extra dollar here, an extra dollar there—these are the concepts being put forward.

From listening to the member for Cook talking, I thought we might have been back in 1989 or somewhere in the early nineties, because it was all ‘your Treasurer, your Treasurer, your Treasurer.’ I have to remind the government that it is your Treasurer, not some other Treasurer—it is Peter Costello, that Treasurer—that has put the scheme up and hacked into ordinary families, hacked into the pensioners. You say that you stand for them. What happened to John Howard’s battlers? People might remember. I will tell you what happened to them: they got slugged with the GST; got no compensation because they were too low on the scale to get any compensation.

I have got members in here from the Liberal Party shaking their heads. They are shaking their heads in disbelief, but it is true and they know it. How do you help a pensioner by slugging them extra? This is the old ‘more is less, less is more’ argument that we get from this government. It is a bit like former Minister Reith introducing a bill to attack workers—it was going to cut their wages and cut their rights—called ‘more jobs, better pay’. It was the total opposite. Just by calling something a name, giving it a category, does not make it so. You cannot just walk into this place after you have slugged ordinary families an extra 30 per cent—you have slugged the pensioners, you are slugging them all the time—and say, ‘We’re going to save taxpayers money, and we are going to do it by slugging you more.’ You figure it out. When you have figured it out, come back and tell me. I will be waiting for a while to hear that one.

We oppose this bill for a whole range of reasons, not the least being that it is completely unfair and you have no mandate whatsoever to be introducing this bill. We reject the bill, firstly, on the grounds that it actually increases by nearly 30 per cent the cost of essential medicines. Who in the community is it going to hit? The sickest, the oldest and the most frail. That is who you attack. They do not have a strong enough voice. They are not one of your big lobby groups that pander to the Liberal Party, that the Liberal Party owes—the big business end of town, the Greenfields, all of those funds.

Mr Entsch—Like the unions.

Mr RIPOLL—I see the parliamentary secretary, the member for Leichhardt, laughing, thinking this is a joke. But that is who the Liberal Party’s debt is to: the big end—

Mr Entsch—We are not the slaves to the unions.

Mr RIPOLL—That is right, they are slaves. They are slaves to big business. This is how they repay the ordinary working people, the pensioners, the ordinary families. They are wriggling in their seats looking very uncomfortable right now because it hurts when you actually hear the truth. How can a 30 per cent increase benefit people? How can an increase for pensioners be good for them? It cannot, and you know it cannot. You are wavering, your knees are all shaky on this one, because you know you have got no support in the Senate. That is right: you have got no support in the Senate, and you know it.

What the government are doing on the PBS about pharmaceuticals is exactly what they are doing to the disability support pension. What do they choose to do? Attack those who cannot defend themselves, attack those people in the community who are in most need of support from the government. Those who are actually in need get attacked by the government. Sure, go out there, campaign on border protection—we support border protection; everyone supports border protection; we all want to feel safe and comfortable—but I do not believe that pensioners should foot the bill on their own. The government says: ‘From where are we going to make up the budget shortfall? Where is it going to come from? Let us look at the things that can go. PBS—let us just charge pensioners and families more. Disability—they could do with less money. How are they
They could do with less money. How are they going to complain anyway? Who are they to complain? So let us go down that path. That is exactly what the government are doing.

The government trot out their members here today to faintly argue that somehow this is good for people. I had basically a whole prepared speech on the ins and outs of this bill and where we might go with it and our opposition to it but, after having listened to some of the members in here, I have got to say that I am just a little bit upset. This government basically went out there during the election campaign and they only had one issue, one policy. Anyone? Who can tell me what the policy was? It is pretty easy. They only had one. It was called ‘the boat’ and its name was Tampa—the ‘good ship Tampa’ policy was the only policy you had. You certainly did not have a Pharmaceutical Benefits Scheme policy. I do not remember this government—Costello, Howard or any of the ministers, or any of the backbenchers, for that matter—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Oxley shall be reminded to call members by the names of their electorates.

Mr RIPOLL—Thank you, Mr Deputy Speaker. I do not remember any of those ministers or any of these government members going out there and standing forthrightly and saying to people, ‘Look, this election is about increasing the PBS by 30 per cent.’ Why didn’t they do that? Why didn’t they tell pensioners before the election that this was their intent? You knew back then that you were going to do it. You withheld the information. You did not tell them. Why didn’t you tell them? No answers coming forward. You did not tell them because you knew what their reaction would be. Nobody wants it to go up 30 per cent.

You might even argue, ‘Look, it has to, because there have been cost blowouts.’ That is absolute garbage. We have heard it all in here today. The garbage just keeps coming forward from this government about cost blow-outs. The reality is that the PBS has not blown out. In fact, if you look at it over the long term, you will see that the average has been about 10 per cent. But there was a spike. This is a word that the government might understand in economic terms. When was that spike? When did it, let us say, nominally blow out? Just before the election. Why was that? Let us go back to the election period and have a look at why it blew out then. It is because you went and spent money in areas where it did not have to be spent. You were trying to win an election. You went out there with one thing in mind: ‘Let’s blow the cash; it does not matter.’ It is all about winning, isn’t it? You went and blew the cash and now who pays for that blowing out? Have a look at the blow-out figures. Have a look at when they blew out. It was before the election campaign. You went and wasted billions of dollars.

Then we have the member for Cook, who came in here and started trotting out Celebrex: ‘It is the doctors’ fault. It is the patients’ fault. It’s everybody’s fault. It’s not our fault.’ Who approved Celebrex? If there is something wrong with the way the PBS is administered, why don’t you do something about it? I cannot remember the minister at the time saying it was a bad thing for Celebrex to go onto the PBS. What have I got here? Some of the minister’s words on Celebrex. I think he was actually crowing about it. On 27 June 2000, he said:

It is simply not true to suggest that cost is the overriding factor. Cost does not matter before an election; it certainly does after an election. Then on 7 February 2001 he said:

Had we taken the advice of the PBAC ... the drug would never have been listed. The fact that it is costing more money means that many more consumers are benefiting from the drug.

So that was your health minister—the Wooldridge House minister—at the time. He was going out there and he was plugging it. He was overriding the board. He knew better than the board that was put in place to actually manage the PBS.

You say later, ‘Well, it blew out.’ Of course, if it blew out before an election, it was because you went and blew it, didn’t you? You went out there and just spent up big because it did not matter. You either spend it all or have nothing. It did not matter in the end as long as you won the election.
So who is footing the bill now? Who are the ones that are going to pick up the tab after the Howard-Costello government has gone out there and blown the bill? Of course, it is the pensioners. That is fair, isn’t it? Who else should foot the bill? Maybe it should be shared around all the taxpayers? I do not think so; that is not the way this government operates. Who are the first people that it attacks? The pensioners. It always goes back to those least able to defend themselves or least able to afford it. Who gets slugged the most when it comes to GST? Pensioners get slugged the most. Who gets slugged most? Low income earners—those least able to defray the cost.

One of the Liberal members is in here shaking her head at me as if to say, ‘What are you talking about?’ For people on the member’s wage, for people that are doing quite well, of course GST did not have any effect, so they would not understand. But pensioners did not get the compensation, did they? No, because you cannot defray tax if you do not pay it. This is the issue I challenge government to come back on. If the PBS is going to blow out, and we have to fix it, fine, okay, not a problem. Let us look at a sensible approach, and let us all work together. This is not a problem. But do not slug the pensioners. Find a better way to do it. Do not slug the ordinary families. If there are certain drugs on the scheme that you wish to remove like Celebrex, get your minister to take it off and move legislation in this House. We just heard two government members come in here blaming the doctors, blaming the patients. According to them the whole reason it has blown out is because of sports injuries. That is what the member for Cook told us. Celebrex and sports injuries; that is why it has blown out. If it was not for that, everything else would be fine. So when did this happen? Did this happen just recently? It did. It happened just before an election so we are back to where we started.

This budget is a deficit budget even though the Treasurer went to some great lengths to put out in his electorate a flyer to the contrary which said it was a surplus budget—and how he could have got that wrong, we just do not know. But he quickly fixed it once it was brought to his attention. He also bungled the whole GST thing. GST is so simple that he bungled it. And he bungled it by about a quarter of a billion dollars in terms of the PBS. How could he get it so wrong so quickly? Do you know why? It just did not matter at the time, did it? As long as you bungle in your favour then it is all right, because it makes your bottom line look good. But if you bungle the other way, it would not happen. No-one ever bungles the other way. You only ever bungle in your favour because that is what bungling is about, isn’t it?

This government bungles every day. It lost $5 billion on foreign exchange. It lost a quarter of a billion dollars in terms of the PBS-GST predictions for cost savings—gone. What else has it done? Where does this government spend its money? They are the big spenders of government, aren’t they? They spend it on consultancies and advertising. They spend more money on advertising than all of big business in Australia put together. Maybe they are supporting big business by advertising for them, but what are they advertising? They are not advertising the PBS, the 30 per cent increase. I did not see that ad during the election campaign, though I saw plenty of other ads. It is like the golf clubs. The government’s solution to unemployment in Australia is to put everyone on Work for the Dole and give them all a set of golf clubs.

That is what it boils down to. But Minister Brough, the Minister for Employment Services, has been very silent on golf clubs lately. I do not see him going out there swinging a few clubs, hitting a few balls, having a great old jolly time. Maybe we will see the golf clubs pulled from the government scheme—or maybe it has another name—to get people a job. A set of golf clubs will not get you a job, just like a 30 per cent increase in the Pharmaceutical Benefits Scheme cost to pensioners and ordinary families does not save them money. That saving is a furphy; it is just not true. But they come in here and they will say anything; they will do anything. They will tell us anything at all as long as it gives them some opportunity to try and justify their position.
I might just close off by saying a couple of things. One is that in overall terms this budget has been a scam and it has been a failure. It has delivered nothing for ordinary people. It has delivered nothing that was promised in the election campaign. It is a defence budget funded by pensioners. It is a border security budget funded by those people in the community least able to afford it. I think we should all share the cost. I do not mind a defence budget. In fact, I support a defence budget. I do not mind a border protection budget. In fact, I support a border protection budget. But I think I should pay a bit more and maybe government members should pay a bit more and maybe we could relieve some of the burden of young families, the aged, the frail, and people on disability pensions. They do not deserve the kick in the guts that you have given them. They do not deserve to have a 30 per cent increase in the PBS.

(Mrs ELSON (Forde) (5.50 p.m.)—I stand here today in support of the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002. I mention to the member for Oxley that I am so glad that the broadcasting light was not on up there because I would hate to think there was a mass of Australians listening to such a misleading of the public. I am very pleased to support this bill which is all about supporting and maintaining the Pharmaceutical Benefits Scheme. Let us be very clear right from the start that the purpose of this bill is to ensure the future of the PBS, a scheme which has served our nation well for over 50 years. I do notice that now the member for Oxley has scurried out of here like he accused the member for Cook of doing. I think he only wanted to listen to his side of the story. This bill is all about ensuring that we can continue to offer subsidised access to a broad range of pharmaceuticals, including new drugs that offer modern treatments. It is about ensuring equality of access so that all Australians, especially those on low incomes can afford the appropriate medicines when they are ill. The bill is without doubt about responsible government in the national interest. It is about taking action today for a better future tomorrow. These are concepts that are sound and very simple and very easy but the fulfilment of which takes determination and leadership. It is never desirable—and certainly not for the government at least—to increase charges to consumers.

The Howard government has been all about ensuring that there is more money in the pockets of Australians and easing financial pressures on Australian families. That is one of the fundamentals on which our approach to government is built. We have delivered it in so many ways: the biggest income tax cuts ever, sustained lower interest rates, low inflation and increases in family benefits.

But I will not beat about the bush: this bill increases the copayment charge for the Pharmaceutical Benefits Scheme. It increases the copayment charge by $1 for concessional cardholders, from $3.60 to $4.60, and it increases it by $6.50 per script for general patients, from $22.40 to $28.60. Of course, there will be safety nets in place to ensure that the critically ill are not unfairly disadvantaged. The decision to increase copayments is not one we take lightly or one from which we derive any joy. It is a decision which we know must be taken now to help ensure the future of the Pharmaceutical Benefits Scheme. Much has been said about the growing cost of the PBS—which of course reflects its sustainability. In the 12 months to December last year more than 120 million prescriptions were filled for concession cardholders, at a cost of more than $3.2 billion to the government. There were more than 23 million general prescriptions, at a cost of $826 million. The total cost of the PBS to the government rose by 17.4 per cent in just one year—last year—representing an increase in dollar terms of close to $600 million in one year.

Our government could have taken the easy decision: sat back and propped up the PBS for a few more years to get us through the next election. It certainly would have been more popular among the electorate to maintain the status quo rather than raise charges. But that has never been the way we operate. We are not the sort of government that is prepared to put off until tomorrow what should be done today. From the moment we were elected we began paying back the debt
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Labor left behind—a debt Labor had continued to rack up over many years despite knowing that it would have to be paid one day and despite knowing that the interest payments alone would mean vital money would be stripped from future budgets. But that is Labor’s way: spend up big, with no regard for the future or the consequences of that irresponsible spending.

Fortunately, that is not the way the Howard government operates. We are introducing this bill to ensure that the PBS is affordable and sustainable now and into the future. It is disappointing, but not surprising, to see Labor opposing this bill. They claim to support responsible economic management, yet they are all mealy-mouthed and critical when it comes to taking the tough decisions and doing what needs to be done. They are possibly the least constructive opposition this nation has ever seen: opposing the government every step of the way yet offering no real alternative policies of their own. The Australian public recognises that the decisions in relation to the PBS are necessary, even if Labor refuse to do so. In fact, while no-one likes to have to pay more for anything, most Australians understand that there is no such thing as a free lunch. They understand that the money has to come from somewhere. The Australian people know how counter-productive it is to let problems grow. They learnt that lesson from the 13 years of Labor government even if Labor themselves did not. They know that the PBS is generous in nature, allowing Australians affordable access to pharmaceuticals.

The bill is about maintaining a system that is recognised as one of the best in the world. In terms of outcomes, I believe we have much to be proud of when it comes to our health system. It is interesting to look at our overall health system in terms of outcomes. We are constantly bombarded in the media with negativity and stories of bad experiences in our health system. The term ‘crisis’ is often bandied about, but it is important to keep things in perspective. I would like to read into Hansard part of an excellent commentary on Australia’s health system by Michael Duffy in the Daily Telegraph last Saturday. Mr Duffy’s article states:

On Monday my two-year-old daughter was sick and we took her to the children’s hospital because it was a public holiday. We had to wait a few hours but it was okay—they had a nurse wandering around to ensure no one was dying.

There was a neat playground next door. The doctor who saw her was fabulous, and they gave us medication for a few days.

I know people can have bad experiences as out-patients, but mostly it goes pretty much as it did for us on Monday. Considering that all this was free, it was a useful reminder that Australia has a good health care system, despite the occasional problems.

Mr Duffy went on to state:

This caused me to wonder how we compare with other countries, and this week I found an interesting international comparison in the UK magazine Prospect.

Of the eight industrialised nations compared, Australia comes out on top for longevity. Our men live on average for 77.49 years, our women for 83.48 years. This puts us just ahead of the Japanese, and up to five years ahead of the others. Longevity is due to many factors. No doubt our climate, good nutrition and relatively low stress levels help us stay healthy—but even so, being at the top of the longevity list suggests our health care system is doing all right at its most basic function, keeping people alive.

Mr Duffy went on to write that the survey in Prospect magazine had:

... congratulated the Howard Government for boosting private health cover. Usually it’s difficult to make any major alterations to health care or its funding but this “demonstrates that political will and courage can bring about big changes in a short period”.

While we must keep striving to improve things like hospital waiting lists and emergency treatment times, Mr Duffy’s article clearly suggests that there is much to be proud of in our health system, and I believe he is very right. We have a tendency in Australia—certainly not helped by this negative, carping opposition that we have just listened to—to look at things with a ‘glass half empty’ rather than a ‘glass half full’ attitude. But I believe most Australians know that this bill, with the measures it introduces to protect and preserve the Pharmaceutical Benefits Scheme, is a positive step for the future. They recognise that the government has been prepared to take the more difficult decisions
today so that their children and grandchildren continue to have access to subsidised medicines well into the future.

That is the bottom line, and the Australian public know and accept the fact. It is also interesting to note that, since we came to office, the Howard government has worked hard to keep copayment levels down. Last year, patient copayments contributed 16 per cent of the total PBS cost, whereas in 1990-91, under the Labor government, the copayment proportion was 20 per cent of the total cost. It is also important to note that almost half of all medicines listed on the PBS cost less than the general copayment, so there will be no increase at all to the price of those prescriptions, which include common medications such as Ventolin for asthma, Zantac for peptic ulcer, Noten and Tenormin for high blood pressure and Diaform and Diabex for diabetes. It is also important to remember that, because of the buying power of the PBS, Australian drug prices are substantially lower than the OECD average, while we still maintain access to a comprehensive range of medicines.

This is a system that works well, but constant vigilance is required to ensure that it will be sustainable into the future. When the PBS was introduced in 1948, it cost the federal government $298,000 in its first year. Last year it cost taxpayers over $4 billion. This legislation is a major step towards ensuring that we can manage the escalating cost of the system while maintaining a range of medications, with access provided to all Australians. Labor’s opposition to this bill simply confirms that more Australians are realising every day that Labor are not prepared to support the national interest and that Labor are all about scoring political points rather than doing what is right for the future. It underscores Labor’s blatant disregard for responsible economic management. I commend this bill to the House and I support these measures which support the PBS, a vital part of the health system that has served and continues to serve Australia so well. Labor should have the decency to do what is right: put their petty politics aside, put a bit of commonsense into the equation and support the government in this matter.

Mr WILKIE (Swan) (6.00 p.m.)—I have listened and will continue to listen with interest to the speeches from government members on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002. I am interested in hearing how they seek to justify the draconian measures that this bill contains. I challenge them to justify the changes that will be brought about by this legislation to their electorates. The fact that only five government members are prepared to speak on this bill is a measure of what government members think of it. They are too scared to put their support for the bill on the public record because they fear the consequences. Even the health minister was too scared to put out a media release after the Treasurer announced the proposed changes in the recent budget. Labor is not afraid to put its position on the bill on the public record: we unequivocally oppose this bill.

Under these measures, all families suffer, but pensioners, the sick and the elderly are hardest hit. The Treasurer is so out of touch with reality that he cannot appreciate the impact on some individuals of an extra cost of $52 a year. Labor knows this increase will hit those who can least afford it. That is why we oppose the bill. I do not intend to try to rebut the government’s justification for these measures, because there can be no justification. But there is an explanation: the simple explanation is that the highest taxing and highest spending Treasurer in history had to shore up his budget bottom line. This follows his spending spree last year, when the government bought its way back into office. It did this on the Commonwealth credit card, the one that had already incurred a $5 billion loss on currency speculation.

After claiming two budgets ago that this year the budget would be in surplus by around $14.6 billion, the government’s spending spree now has the budget $3 billion in deficit. This measure is simply about shoring up the parlous state of the Commonwealth budget. It has nothing to do with reform of the Pharmaceutical Benefits Scheme so that its long-term sustainability is guaranteed, as was claimed in the much vaunted but very disappointing Intergene-
rational Report. Until this year's budget, we had not heard a thing from the government that the cost of sustainability of the Pharmaceutical Benefits Scheme was an issue. In the lead-up to the 2001 federal election, not once did the government say it intended to increase the cost of medicines under the Pharmaceutical Benefits Scheme.

Nothing in the government's health policy dealt with the issue of the PBS. Not surprisingly, after the election it was a completely different story. We have heard that a few times: say one thing before the election, and say something completely different after the election. The Intergenerational Report is used as a justification for these measures in the most dishonest way.

For an electorate with a population profile like that of Swan, the government's proposed changes will hit especially hard. When compared with the national average, a significantly higher percentage of the population of Swan are aged over 70 years. Consequently, in Swan the number of high-level aged care service places per 1,000 head of population is almost twice the national average. The existing medical services available to the residents of Swan, when measured in terms of the number of hospital beds per 1,000 head of population and the number of general practitioners per 1,000 head of population, are well below that of the national average. Put simply, the people of Swan do not have access to medical services that are sufficient for their needs.

The changes that the government is now proposing will only widen the gap further between the services that the community I represent requires and those that are provided for it. I have taken no pleasure in responding to the inquiries made to my office by constituents who are concerned about the impacts of this bill. Many inquiries are from the elderly and pensioners, who are concerned about the impact the increased costs of medications will have on their household budgets. They know that with their household incomes they have certain expenses to meet. When that money is spent, that is it. They do not have a Commonwealth government credit card on which they can run up their living expenses like the Treasurer seems to think they have.

Even those who receive medications at the concessional rate and will face an increase of $1 will find their household budgets under further strain. For the Treasurer, paying an extra $1 for medications may not seem a lot but, for those who struggle on limited incomes and who may have to find another $52 each year, the impact will be significant. For pensioners and the elderly, this will mean choosing food versus medication or heating versus medication or the telephone versus medication.

The increased costs will have significant negative impacts on the quality of life for these people. Some may not be able to buy the quantities of medications they require; others may use their medications more sparingly so that they last longer. Asthmatics place their health at risk by not taking medications in sufficient doses. Individuals and families with limited incomes who use these medications may be faced with decisions such as this, which may have life-threatening consequences.

Not only might decisions such as these have significant negative consequences for the quality of life of individuals; they will also lead to situations where additional medical treatment is required. An asthmatic who takes less than the required dose of their medication because they can no longer afford to use it to the level required may suffer an asthma attack. The cost of transporting them to hospital and treating them has to be borne somewhere in the health system. This additional cost is significantly greater than the cost of leaving the subsidy on medications at its present level.

These reforms will not preserve the long-term sustainability of the Pharmaceutical Benefits Scheme; they will probably make people sicker. The elderly and pensioners are the people who are also more likely to visit doctors who bulk-bill, because of their limited incomes. The present trend is that fewer doctors are bulk-billing, which means more patients must meet a proportion of the cost of the visit to the doctor. Higher medication costs and higher consultation costs only make it harder for the pensioners and the
elderly to afford adequate medical services. The same people who have contacted my office cannot understand why they are being forced to endure further hardship because of this government’s economic mismanagement. These are the people who are still doing it tough, thanks to the GST. Higher costs for pharmaceuticals are another kick for them. Labor’s commitment to oppose this bill is their one ray of hope.

There has been a noticeable lack of people contacting my office asking me not to oppose the bill. There has been a noticeable lack of people contacting my office in support of these measures. The electorate is not stupid. People know that there are pressures on the health system and the government must manage the PBS so that its cost to the nation is sustainable. But the electorate knows this bill has nothing to do with the long-term sustainability of the Pharmaceutical Benefits Scheme and everything to do with the Treasurer trying to restore his economic credentials. Like Labor, the electorate would support meaningful reform of the PBS, but this bill is not meaningful reform. Labor has advocated a range of measures which would deliver meaningful reform to the PBS. Labor supports greater education of doctors and patients so that medications are used to most effectively achieve the prevention of illness or the management of disease. Through the proper management of medication, cost savings can be achieved elsewhere in the health budget. Labor also supports the use of generic brands which deliver the same benefits of branded medication but at a lower cost. Labor supports transparency by pharmaceutical companies in reporting and justifying the costs of medications.

What is the government doing to force pharmaceutical companies to explain why they charge the government the amounts they do for their products? What is the government doing to limit the costs pharmaceutical companies spend on lavish marketing and promotion of their products to doctors—costs that are built into the amount the government must subsidise with each prescription? Simply increasing the cost of each medication will not encourage pharmaceutical companies to contain their costs, which ultimately means that the government subsidises medications at that higher cost.

Later this year the government proposes to undertake a major review of the Pharmaceutical Benefits Scheme. It seems strange to make major changes to the PBS only a few months before a major review. Surely any proposed changes to the cost of pharmaceuticals should come after a review. Changes before a review can only generate suspicion about the true motivation for both initiatives—either the changes are not necessary or the review is a whitewash. It is time for this government to be honest with the Australian people. It is time for it to withdraw these changes, just as it has done with its proposal to cut the disability support pension, and it is time for a commitment to meaningful reform and economic responsibility from this government. These are measures which Labor would support.

**Dr SOUTH COTT (Boothby) (6.09 p.m.)—**I rise to speak on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002. Before the Howard government was elected in 1996, in our health policy we promised to keep Medicare, we promised to keep bulk-billing and we promised to keep community rating for private health insurance. We have kept all those promises. What is more, we have strengthened each of the three pillars of Medicare. One of the three pillars of Medicare is the Pharmaceutical Benefits Scheme. It provides access to necessary and lifesaving medicines at an affordable price for all Australians, and most prescription medications are subsidised by the PBS. The PBS began life on 1 June 1948 and supplied lifesaving and disease preventing drugs from the British Pharmacopoeia to pensioners and others. At present the PBS covers 593 generic drugs, available in 1,461 forms and strengths and marketed as 2,506 brands.

Instead of patients paying, for example, $189.19, which is the price to the government for human insulin, a pensioner or a concession cardholder will pay $4.60 and a general consumer will pay $28.60. For other drugs such as Goserein or Zoladex, used for prostate and breast cancer, the average price
is $726.08 to the government. For a concession cardholder it is $4.60 and for a general patient it is $28.60. Since 1996 the Howard government, on recommendation from the Pharmaceutical Benefits Advisory Committee, has added new items to the PBS at a gross cost of greater than $1.5 billion. The committee is always considering newer and more expensive drugs that pharmaceutical companies have submitted to be listed. In the last decade the cost of the PBS has increased from $1.23 billion in 1991-92 to $4.8 billion in 2001. Over the last decade, the growth in taxpayer expenditure has been greater than 14 per cent per year. It is the fastest growing area of health expenditure.

In 1990 the health minister at the time, Brian Howe, realised the PBS was under pressure. In 1990 the patient copayment for concession cardholders was increased from $2 to $2.50, and it was increased for general patients from $11 to $15. At that time the Deputy Leader of the Opposition was working for the health minister, and presumably she supported the copayments. But she was not alone: in 1990 the then opposition, now the government, supported the copayments as well, because we recognised that you had to make changes to the PBS to ensure that it would be sustainable in the future. It is easy for Labor when they are in opposition; it is different when they are in government. When they are in opposition if there is a hard decision they just oppose it. It is just cheap-jack populism again and again. In 1991-92 under a Labor government, when the PBS cost $1.16 billion, patient copayments were approximately 20 per cent of the total cost. Last year patient copayments were approximately 15 per cent. After these changes are passed, the proportion that patients will be paying under the PBS will still be less than what they were paying 10 years ago under the Labor government.

We cannot afford to let the cost of the PBS get out of hand. It will affect the capacity of the government to list newly developed, expensive medicines. As scientists understand more of the human genome, there is the possibility of medicines being targeted at the genetic level. Presently medicines are targeted at the molecular level. This is an exciting time for medical research and for more effective medicines, but it is endangered by the capacity of the PBS to subsidise these new medicines. As part of the 2002-03 budget, the Treasurer released a visionary document in the form of the Intergenerational Report. The Intergenerational Report looks 40 years into the future to identify challenges for the government and community. The PBS is a challenge today and the report predicts it will be an even greater challenge in 40 years time.

The Intergenerational Report projects the PBS could grow to almost $60 billion in 40 years time. It predicts that the proportion of expenditure that the Commonwealth government will spend on the PBS will be five times greater in 40 years from now. It would be easy to wait until the pressure on the PBS becomes unsustainable. Then we will be faced with constituents who are unable to see newer, lifesaving drugs coming on to the PBS, and we will be forced in the future to make drastic changes. But it is important to take small steps now to make the PBS sustainable.

This bill proposes amendments to the National Health Act 1953. The amendments implement changes to the PBS patient copayments and the safety nets that were announced in the 2002-03 budget. From 1 August this year, the general copayment will increase from $22.40 to $28.60 and the concessional payment copayment will increase from $3.60 to $4.60. There has been persistent misinformation in the media and by the Labor Party about the increases in the patient copayment for medicines listed under the Pharmaceutical Benefits Scheme. The aim of Australia’s national medicines policy is to continue to ensure timely access to medicines that Australians need at a cost that individuals and the community can afford.

Continuing high levels of growth of the PBS will affect the capacity of taxpayers to subsidise newer and more expensive medicines. For concessional patients, the safety net will apply after 52 scripts in a calendar year; they will pay nothing for additional scripts in the year. For general patients and their immediate family, the safety net will apply after 31 scripts in a calendar year; they
will pay the concessional rate of $4.60 for additional scripts in the year. For general patients, if the cost of a drug is lower than the present copayment of $22.40, there will be no increase in the copayment. Almost half of all medicines listed on the PBS cost less than the present general patient copayment. This means there will be no increase in the cost of common medications such as Ventolin for asthma, Zantac for peptic ulcers, Novoten and Tenormin for high blood pressure and Diaformin and Diabex for diabetes.

The increases in the patient copayments will take the place of the indexation that would otherwise have occurred on 1 January 2003. The indexation of patient copayments and safety net thresholds resume from 1 January 2004. Under the PBS safety net arrangements, Australians are protected if they require large amounts of PBS drugs. We have already heard that after 52 scripts general patients and their immediate family will pay the concessional copayment for additional scripts. Concessional patients will pay nothing after 52 scripts. The average concessional patient has 19 prescriptions per year. So, on average, someone with a concession card will be contributing an additional $19 per year to help secure the future of the PBS.

As I said before, the PBS is one of the highest growing areas in current health expenditure. Some of the drivers of the growth in the PBS include the ageing of the population—which has a limited role—and adding newer generation pharmaceuticals to the scheme. For example, a drug like Zyban, which is the sixth most costly drug on the PBS, will cost on average $249.51—that is the cost to the PBS. There has also been a growth in preventative medicine. For example, the statins, which are the most expensive group of drugs on the PBS, cost $580 million. You might remember that in last year’s budget there were some measures which related to evidence based medicine in the use of prescribing statins, because there are algorithms which show how important it is to look at the patient, their family history, their risk factors and so on. Not everyone will benefit from the use of statins.

Over the last 10 years, there has also been improved detection of illnesses such as depression, high blood pressure, high cholesterol and asthma. There is an increase in community awareness of new, more effective drugs. We saw this with Celebrex. Through the use of things like the Internet, people are very aware of new drugs when they have already been listed in countries such as the United States. There was already a pent up demand when Celebrex was listed on the PBS. We have also seen cost shifting by the states onto the Commonwealth. For example, when people leave hospital, there are limited drugs available on discharge. We have seen the privatization of outpatients. Another driver of the growth in the PBS is the increase in numbers in the concessional category. But one of the most important drivers which we need to do something about is leakage in the PBS. Celebrex and Losec are examples of this, where people are being prescribed upwards, if you like. They are being prescribed a newer, more expensive medication when an older one would have been more appropriate. There are also prescriptions of inappropriate drugs for some conditions. For example, it is estimated that $100 million is spent each year on antibiotics for conditions for which they are not effective.

I have listened very carefully to the opposition’s contributions, and I think they have said that they oppose this rise in the patient copayments and would like to see other measures which will help the sustainability of the PBS in the future. That is really a cop-out, because the PBS already contains a number of existing cost containment measures. Patient copayments, of course, we already know about and that is a very effective way of containing costs. We also have the brand premium policy and the therapeutic good premium policy. We enter into price volume agreements. There are also quality incentives for prescribing pharmaceuticals. There is a national prescribing service, which has been very effective, and there is also improved monitoring of the entitlements to the PBS which, in the last two years, has excluded temporary residents. There were a number of temporary residents who were accessing the PBS. There were also some simple price control measures through the PBPA.
Clearly, in order to provide timely access to newer generation pharmaceuticals, the PBS will need reform. The Commonwealth government needs to take decisions now to ensure the sustainability of the PBS in the future. Government contributions to the PBS have been increasing at a higher rate—13½ per cent—than the patient copayment of 12½ per cent. As I said before, when Brian Howe was the minister for health, the patient copayment was around 20 per cent. It has now declined to around 15 per cent, and these budget measures—which are opposed by the opposition—will increase the payment to approximately 20 per cent, but it will still be less than it was 10 years ago.

The Democrats have argued in a press release that the changes in the copayment will shift costs onto state governments. This assumes that essential medicines will not be prescribed as a result of this measure. I think this is overstating and overclaiming. Their assumption also ignores the cost shifting which is already occurring from the state governments to the Commonwealth government through decreased prescribing for outpatients and hospital pharmacies. Many of the suggestions which the Democrats have made, such as price volume agreements and prescribing practices, are already part of the cost control measures in the PBS.

Increasing copayments is a good way of reducing the PBS cost, and any impact which is felt by low-income earners is compensated through pension rises and through the pharmaceutical allowance. One of the key problematic growth areas has been the rise in the cost of newly listed pharmaceuticals used outside their indications. Celebrex and Vioxx, which are the fourth and seventeenth most expensive drugs on the PBS respectively, were used for many indications outside the listed one of chronic arthritis. As a result, Celebrex, which was expected to cost $40 million in the first year, cost $160 million. Estimates vary, but it is estimated that there are between $50 million and $1 billion in inappropriate prescribing on the PBS.

In concluding, I will run through some of the highest costing drugs on the PBS because, among the community, I do not think there is an awareness of how much many of these drugs are subsidised by the government. The most expensive drug is Simvastatin, which is used for high cholesterol. Its average price is $60.86, and it is available to concessional patients now for $3.60. After 1 August, it will be available for $4.60. Of the total cost of this medication, $282 million, $251 million is borne by the government. Atorvastatin, or Lipitor, is used for high cholesterol and the average price is about $60. The patient contribution is $3.60 for a concessional cardholder and $4.60 after 1 August; it will be $28.60 for a general patient. The government pays $250 million of the $290 million.

Losec, which I mentioned earlier in my speech, which is used for peptic ulcer, has an average price to the government of $64.14; it is available to concessional cardholders for $4.60. Celebrex, which is used for arthritis, has an average price of $46.92; it is available to concessional cardholders for $4.60. Zyprexa, or Olanzapine, which is used for schizophrenia, has an average price of $219.18; it is available to concessional cardholders for $4.60. Zyban, which is well known and used for nicotine addiction, has an average price of $249.51; it is available to concessional cardholders for $4.60. Seretide Accuhaler, which is used for asthma, has an average price of $70.51; it is available to concessional cardholders for $4.60 and to general patients for $28.60.

Pravastatin, another one of the ‘statins’ used for high cholesterol, has an average price of $61.01; it is available to concessional cardholders for $4.60 and to others for $28.60. The cost of human insulin, used for diabetes, is $189.19; again, it is available at a subsidised price to concessional cardholders and others. Lastly, Zoloft, the tenth highest government cost PBS drug, used for depression, is $38.88 and is available at that subsidised price. In conclusion, these changes are important to ensuring the ability of the government in the future to list newer generation, more expensive and more effective medications. I support this bill and commend it to the House.

Ms O’BYRNE (Bass) (6.27 p.m.)—I support the second reading amendment moved by my colleague the honourable member for
Perth. The National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 proposed by the government is oppressive, sneaky, ill-conceived, illogical and a breach of faith with the Australian people: oppressive because it will increase the cost of essential medicines to the most vulnerable in our community or force them to choose to go without; sneaky because the reasons that the government has given in support of the introduction of this legislation are smokescreens; ill-conceived because the down-the-line effects on health care will cost far more to remedy than the savings the bill will make; illogical because there are far better ways to ensure the long-term viability of the Pharmaceutical Benefits Scheme, one of the most significant pieces of social legislation that this parliament has ever enacted; and a breach of faith with the Australian people because a little more than half a year after the government was re-elected it bears little or no resemblance to the story which it conveyed when seeking another term in power.

I wonder how long ago it was that any member of the government experienced a personal cash flow problem. When was it that any of them ever had to actually make a decision between purchasing a life essential for either themselves or a member of their family and going without? I suspect it was a particularly long time ago—if ever—because, if they had, they would not be introducing this particularly callous measure. This legislation will increase by around 30 per cent the amount which a family must pay for essential medications. It increases by a similar percentage the amount which a pensioner must pay. Those in support of the legislation say, ‘Well, it’s not really all that much to pay; people can afford it.’ But I wonder if they understand the battle which many Australians have to go through each week to get anywhere near balancing the family budget. I know, and members on the other side of the House should know, what really happens. One kid in the family gets sick, comes home from school and, before the family even gets a chance to spend the $28.60 on just one prescription for him, his brother and sister have got it as well. Suddenly the family budget has to find $85.80 immediately. And, contrary to the figures that are clearly buzzing around in the heads of the members on the government side, they do not have a year to find this money—they have to find it straight away.

Sitting suspended from 6.30 p.m. to 8.00 p.m.

Ms O’BYRNE—Before the dinner break, I was pointing out what happens to a family when one child gets sick. One child gets sick; they come home from school and before you know it, you have got another couple of kids sick. You are trying to find not just $28.60 for one prescription from the family budget but about $85.80. Then the problems tend to begin to multiply. One parent—and if there is only one, the sole parent—then has to stay home to look after the children. The kids each need another script to clear the problem up. The next week’s budget suddenly has to find another $85.80. Almost invariably most illnesses for families occur in winter, when family budgets—particularly those of the less well off—are already stretched by extra clothing and heating bills.

Sadly, many Australian families will not be able to pay for the medicines their children need. The same situation will apply to thousands of pensioners. These are folk who do not have anything left over each week, ready for a rainy day—or, more to the point, the day when they or their kids get sick. I sometimes wonder if all elected members of parliament really know how tough it is for some of our fellow Australians to get by from day to day. We were brought up to believe that we live in a lucky country where every citizen is entitled to a fair go. There is a huge irony for me that, in talking about the future viability of the PBS, we are asking the most vulnerable in our society to shoulder the extra burden. Why aren’t we asking the advertising companies? Why aren’t we asking the drug companies themselves? Aren’t they the major beneficiaries from the scheme’s very existence?

Yes, the PBS is an expensive scheme and it does run the risk of blowing out unless appropriate measures are taken to rein it in, but it is also a very valuable component in the plan to ensure that Australians, particu-
larly the young, the elderly and the disadvantaged, remain healthy. There are other ways to take action, and we proposed many of these measures prior to the last election. We can increase the use of generic drugs, when appropriate, and we can implement plans to stamp out pharmaceutical fraud. We propose tighter controls on direct-to-consumer advertising and greater scrutiny of industry marketing. To ensure the future viability of this great scheme, it is imperative that we find long-term solutions. The reality right now is that this slug on ordinary Australians has little to do with the future of the PBS; it is more about restoring the bottom line of the budget, which is in deficit because of poor financial management by this government, combined with its pre-election spending spree. There seems to be no doubt about the government’s motive here. Before the election, the cost of the PBS was not much of an issue for the government—I do not think it rated a mention, if at all.

Finally, I want to briefly mention the effect that this mean measure will have on the Australian health and social system. There is no doubt that, if you either deprive people of the pharmaceuticals they need or force them to decide to go without, the impact will be felt later on—it is simple arithmetic. So what actually costs the government more? Those who go for long enough without the medicines they need will eventually end up in hospitals or nursing homes and become a bigger burden on the public purse. This is an unkind and foolish piece of legislation which serves no useful purpose beyond getting the government very temporarily out of the hole it has created by its own ineptitude. It certainly does nothing for the Australian people and I cannot support it.

Mrs HULL (Riverina) (8.03 p.m.)—The National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 that I support this evening proposes a series of measures including increasing the general patient copayment from $22.40 to $28.60 and increasing the concessional patient copayment from $3.60 to $4.60. These will come into effect from 1 August 2002. It will also increase the general patient safety net threshold from $686.40 to $874.90 from 1 January 2003.

The member for Bass has stated that there are so many simple precautions and methods to halt the escalating blow-out of the PBS system. If it all were so simple, we would all be so grateful. However, things are not so simple. The use of generic drugs in the servicing of prescriptions would be an ideal situation and the government has always recognised that, but how do you get doctors to prescribe generic drugs and how do you become the watchdog and the police in order to ensure that that happens? The Pharmaceutical Benefits Scheme is currently the fastest-growing area of health expenditure. In the 2001-02 financial year it is estimated to cost $4.837 billion, and that is 13.6 per cent more than it cost in the previous year. Data indicates that the proportion of funding Australia devotes to pharmaceutical subsidies is lower than that of other OECD nations. However, the rate at which this proportion is growing in Australia is greater than in these other countries. The mission of the PBS is to make affordable to all Australians the medications that they need, but at a responsible cost to the community. That is what this government is all about—responsible cost to the community. The community have accepted that they must take responsibility and be accountable for the way in which they utilise services that are subsidised heavily by the taxpayer.

The currently growing cost of the PBS to the community is placing pressure on the future capacity to make newly developed expensive medicines available to Australians. Talking about newly developed expensive medicines, how many times have members of parliament had people come into their offices, or how many representations have they had in letter form, basically pleading for people’s lives? I am not happy to be in that position at times, for example, when people have illnesses such as chronic myeloid leukaemia. CML is an enormously difficult disease to treat. There has been breakthrough therapy for chronic myeloid leukaemia, and this drug development has been driven by patient demand in less than three years. It has been proven that patients treated in the advanced stages of chronic...
myeloid leukaemia have a life expectancy of two years or less, and patients treated in the chronic phase of the disease have 10 to 12 years life expectancy, compared to an average of five years on existing therapies.

That treatment gives patients hope where there was none. For sufferers of chronic myeloid leukaemia it increases their quality of life, their ability to go back to work or to study, or to be productive and involved in community issues. Those people have this opportunity. However, even though that drug assists them to become well or to experience a quality of life, it is far too expensive to put on the market for them to access. That is a shame. I despair when people with diseases look to access a variety of treatments that can give them a quality of life or life itself—life-giving properties—and I see so much wastage taking place. Many people go to the doctor, get their general script and do not worry whether they will use it. Sometimes they do not get their script filled, but the majority of times they do. If they do not need to use it, they just pop it in the cupboard. How many times have we cleaned out the medicine cabinets, cupboards et cetera of people who have died and found garbage bagfuls of medication that has never been used? That wastage of PBS medication, not the people who are desperately using medication to have a better quality of life or to treat their severe or mild illnesses, is creating a problem: people cannot access livesaving drugs simply because of a blow-out in the system. That does not seem fair.

Of course there will be inappropriate prescribing. Consumers such as Nellie and Sam talk over the fence. Nellie says, ‘My arthritis is playing up.’ It does not matter whether she is 26, 36, 56 or 86, but her arthritis is playing up. Sam says to Nellie, ‘I’m on this amazing Celebrex and I’m doing marvellously well. I can do all my normal activities—tennis yesterday and golf tomorrow.’ Nellie, without any thought as to the type of illness that Sam has, goes to her GP and demands that he provide her with Celebrex. Her arthritis problem or her deterioration problem may not need Celebrex—it might be treated effectively with a generic drug—but she expects and demands the introduction of Celebrex into her daily treatment. So doctors are put into the position of trying to deal with consumer demand while recognising that generic drugs on the market would be far less costly to the PBS and would provide Nellie with perhaps the same adequate level of protection or quality, but she is not prepared to accept that. That is because she has not been educated or she has been told that; it is not her fault. She needs to have a clear understanding of the cost benefits that the government already provides for her.

We find that 80 per cent of PBS beneficiaries are concessional patients. That is not a bad thing. You would expect that, because that is what the government should be about—delivering to concessional patients the ability to have treatment for their illnesses and ailments. But we need the community to be educated and to understand that for $3.60—and from 1 August, provided the bill goes through, $4.60—they are getting a product worth $80, $90, $200 or $2,500 and
that the government is subsidising it. I am sure that the consumer is unaware that the cost of their product is not $3.60, as printed on the box. I advocate that it should be mandatory that the real cost of pharmaceuticals be put on the box or container so that people can understand what they are accessing. People would then be very well educated. It will not stop them having that drug, but the simple fact is that they will know that the government is subsidising them by that amount of money. Without hesitation I encourage the government to move towards ensuring that the real costs of drugs are stated on the labels of all pharmaceuticals that are dispensed over the counter.

Just as a matter of interest, our latest report refers to Herceptin. Herceptin is a drug utilised in the treatment of breast cancer. We have great results from the breast cancer drug Herceptin. In our document for women, we have provided them with the ability to move forward and access Herceptin. The federal government has recently created a program that will allow our women in late stages of breast cancer to receive Herceptin, a new drug to treat certain forms of metastatic breast cancer. In most cases, use of Herceptin can lead to prolonged survival—by six to nine months—without any significant side effects. Herceptin is available free of charge to eligible patients in both the public and private health sectors. The Health Insurance Commission administers the Herceptin program which commenced on 1 December 2001. Funding will be $13.2 million in 2002-03, $14.5 million in 2003-04, $15.9 million in 2004-05 and $17.5 million in 2005-06. That funding goes to show you how many women will be struck down by breast cancer.

I lost a very dear friend just a few weeks ago who would dearly have loved to have had Herceptin and to have had a longer period of life in which she could have had quality time with her family. Unfortunately, she had very little time with her children. I feel that we have a responsibility to these people who are desperate to get a better quality of life. Yes, we have a responsibility to our pensioners and our concession cardholders, but surely this government is meeting that responsibility. Surely this government is saying that we recognise that there might be difficulties in you being able to meet the additional payment. However, we are capping this payment. Pensioners can pay a maximum of only an additional $52 per year after these changes have been made. I would think that most of our pensioners would consider that reasonable when they start to look at the list of pharmaceuticals and the real amount they are currently being subsidised.

There are so many simple things, like Lipex and Zocor for high cholesterol, the average price of which is $60.86. However, from 1 August the cost for concession and pension cardholders will be $4.60 and it will be $28.60 for others. A whole host of drugs are affected here. Let us consider Celebrex for arthritis. The average price for Celebrex is $46.92. It is $4.60 for concession cardholders and $28.60 for others. Frankly, I think that is a fantastic outcome. With regard to Zyban, we need to look at the illnesses that smoking is going to cause. By putting Zyban on the market we will eventually save the taxpayer an enormous amount of money. The average cost of Zyban, which cures nicotine addiction, is $249.51. Again, that becomes $4.60 for a concession cardholder and $28.60 for others.

Mrs De-Anne Kelly—That is a good deal.

Mrs HULL—It is a good deal. The member for Dawson is quite correct in saying it is a good deal. Nobody is treating anybody with disdain or putting them in a position whereby they are unable to access life saving drugs. What this government is doing is trying to enable more people to access a better quality of life and life saving drugs. With the technology that is now coming into play we now have better drugs emerging on the market. We have so many things that can make people’s lives so much better and that can make things so much better for their families. The human and community cost in that is astronomical. Instead of being put down or being degraded in this House, the government should be applauded for its attempt to provide all people in Australia—not just concession cardholders or your average tax-
I realise that some people may not recognise how difficult it is for pensioners and low-income earners to access treatment. But it does not matter. If you need a drug that is going to give you life, such as an infusion for ovarian cancer, you can get it. That treatment might cost $2,488 but it will be $4.60 after 1 August for a concession cardholder or $28.60 for everyone else. This is an extreme example, but people with ovarian cancer are indeed entitled to access this drug. Whether they are millionaires, your average people on the street or someone who through unforeseen circumstances is not able to be employed, all these people should have access to this drug.

We can talk about implants for prostate cancer for men. These men are entitled to have a quality of life. They are entitled to access that implant. At $1,214 it does not matter whether you are a pensioner or a rich man. It is going to be easier for a rich man, but it is always going to be difficult to access that type of drug. This is the kind of drug that the government is providing to concession cardholders for $4.60 and to other people for $28.60. There are other examples. All of us have many sufferers of multiple sclerosis in our electorates. They are subsidised. In the market, Interferon beta will be $1,248, but that will be reduced to $4.60 or $28.60.

If you want to castigate this government—if you want to stand here and hurl brickbats at this government—seriously consider that this government stands for all Australians, not just some Australians. Everybody is entitled to a quality of life. Everybody deserves to be able to access treatment. If drug companies are investing in order to provide treatment for our sick, should they be looked down upon? Yes, they make profits but that is not a dirty word providing somebody gets the benefit at the end of the day. Anyone’s life—my life, the life of the member for Dawson or the life of the member for Sydney—has a value. If drug companies are able to provide somebody with a better quality of life then, yes, let them continue to manufacture and have their R&D in order to deliver benefits for more Australians. In order for this government to continue with its great record of delivering better lifestyles for people in Australia, I think that this bill, without fuss or failure, should be delivered into the House intact. We should be supporting this bill in order to give all Australians access to a quality of life.

Ms PLIBERSEK (Sydney) (8.22 p.m.)—As the member for Riverina was speaking, I was reminded of that great Neil Kinnock speech where, to paraphrase him, he said, ‘If a Thatcher government is elected, I advise you: do not be old; do not be poor; do not be sick.’ I think that is what we are looking at with this legislation today. I am very pleased to be supporting the amendments that the Labor Party has moved.

The government talks about the strength and integrity of the Pharmaceutical Benefits Scheme. These are new and interesting definitions of the words ‘strength’ and ‘integrity’ that I had not encountered before, but I have seen a bit of them around this week in parliament. The ‘integrity’ of our borders seems to mean shrinking the borders in an admission that we cannot actually protect them. ‘Strengthening’ our tertiary education system, according to the Prime Minister and the Minister for Education, Science and Training in question time today, seems to mean allowing the deregulation of university fees. I guess that if these new and interesting definitions of ‘strength’ and ‘integrity’ are used enough we might see them in the Macquarie Dictionary in the next few years.

What I would like to see, instead of the double-speak we have had about the integrity of the Pharmaceutical Benefits Scheme, is a real and obvious commitment to providing a scheme that gives all Australians access to the medicines they need for their health at a cost which is reasonable for the consumer and the Australian taxpayer. Nobody objects to this principle; what we object to are the ways that the government are seeking to fund what they perceive as a cost blow-out in the Pharmaceutical Benefits Scheme by asking sick people, poor people and old people to pay for this government’s mismanagement.

We need to keep control of the increasing costs of medicines and no-one denies that,
but there are many good suggestions for ways of doing that. Labor have already said that we support measures such as increasing the use of generic drugs where appropriate, stopping pharmaceutical fraud, improving the listing process for new medicines, providing better information and guidance for prescribing doctors, and increasing the focus on evidence based medicine. Also, we have suggested additional measures, including an increased focus on the cost and prescribing patterns of new drugs in the first year on the PBS—we know that several new drugs have had quite significant blow-outs in their first year due to wrong prescribing—and the inclusion of the full cost of medicine on the labels so that consumers are aware of the cost. We have also suggested tighter controls on direct-to-consumer advertising—I think this is an area where we need to do an awful lot of investigation—and greater scrutiny of industry marketing, which I will talk about a little later.

We need to remember, when we are talking about keeping control of the increased cost of medicine, that some increase is inevitable. We are developing new and better drugs all the time and they are expensive. If these drugs are keeping people out of hospital, and if they are keeping them healthier and making it possible for these people to stay in the work force, then an increased cost in the Pharmaceutical Benefits Scheme is not necessarily a bad thing when we look at the whole of the economy. We also need to make sure, when we are looking at curbing cost increases, that we do not discourage people from taking medicine that will keep them healthy. We need to make sure that the measures we are undertaking do not fall disproportionately on the poorest and the sickest. Taking a simple price increase method, the poorest people are the ones most likely to stop taking their medicine as a response to the government’s changes. Others have gone through the level of the cost—$52 a year is a significant amount for a pensioner, and I think that it is naive for government members to pretend that it is not. This is a 70 per cent increase on the cost of essential medicines for pensioners, cardholders and families who have been under pressure since 1996. I think that figure is also significant.

We are not facing a crisis in the cost of medicine in Australia. We are facing a significant increase—nobody denies that—but compared with other countries, the amount of our GDP that is spent on medicines is not unreasonable when we take into account the other things that I was talking about earlier. The member for Riverina gave the very good example of Zyban. Yes, there has been a huge increase in the use of Zyban. Perhaps there are other cheaper drugs that would be just as effective, but the principle of supporting people in stopping smoking using a subsidised drug is a very good one. It reflects the fact that, in allowing people to continue smoking, there are expenses down the track that are much greater than those for helping them to give up now.

We know that a lot of doctors are still overprescribing or prescribing drugs wrongly. The estimate for the wrong prescription of antibiotics—for example, doctors who prescribe antibiotics for viral conditions that will not respond to antibiotics—was about $100 million last year. In the whole area of wrong prescription there are various estimates of how much is wasted on inappropriate prescriptions. The estimates vary but they go as high as $1 billion a year. Another area where we could certainly be looking at saving money is what is called ‘leakage’, where doctors prescribe drugs that are stronger or newer than they need to be for the condition. For example, doctors are prescribing a drug like Celebrex, which is supposed to be for chronic arthritis, for sprains and other more minor conditions when they could be treated with cheaper drugs or perhaps in a completely different way without using drugs. The lowest estimate I have seen for this sort of leakage is $50 million a year. Again, a very significant saving could be made there with proper education for doctors about better prescription methods.

Pharmaceutical fraud is another area where Labor have been quite clear that we will support the government if they can come up with good ways of preventing it. Certainly, people taking drugs that have been subsidised by the Australian taxpayer and selling them overseas is a significant issue. I
think no-one in this House would have a problem with tightening up in that area.

Other suggestions that people have made that are well worth investigating include looking, as I said earlier, at direct-to-consumer advertising, and industry marketing aimed at doctors. There has been a lot of work done on the sorts of incentives that companies are offering doctors. While guidelines were introduced in 1986 to say that drug companies should not offer doctors free trips and incentives without an educational component, I think you will find a lot of doctors who are prepared to attest to the fact that the educational component of some of these junkets is very flimsy indeed. We were talking about one doctor who was offered a free trip to New Zealand for a conference, a family deal at Movie World, a night at the Intercontinental Hotel in Bethlehem, a gambling night at the Cairns casino and numerous dinners at expensive restaurants. That is all in the period of three months.

Ms Gillard—No golf?

Ms PLIBERSEK—He has probably been offered quite a lot of golf bags as well, as the member for Lalor points out. Hotels such as the Sails in the Desert resort at Uluru say that pharmaceutical companies are their premier market. Research in the *Journal of the American Medical Association* shows that attending drug company events and accepting travel and accommodation meant a doctor was more likely to prescribe the company’s medicines. That is not really a surprise for most people, is it—that their last trip to Uluru was funded by the maker of a particular medicine? It is more likely to be top of mind.

The sort of research that drug companies do on doctors is detailed in the confessions of a former drug industry employee published in the Australian newsletter of the Medical Lobby for Appropriate Marketing in 1999. He talks about all the sorts of giveaways, competitions and incentives that representatives of drug companies are given. They are told that they can say anything to doctors but must never write it down. They are also told never to say anything negative about a product, and that they must convert a negative to a positive—so that nausea would not be presented as a negative; it would be presented as helping patients lose weight.

When we are dealing with the sort of industry that the pharmaceutical companies are, there is a lot of room for tightening up the way that particular drugs are marketed, both at consumers and at doctors. Pharmaceutical companies spend twice as much on advertising and promoting the drugs as they do on research. The member for Riverina makes a perfectly valid point in saying that pharmaceutical companies are entitled to make profits and that the profit motivation is what keeps them in the business and keeps them researching new drugs. That is all very true but, when we remember that they spend twice as much money on marketing as they do on research, it gives us pause for thought and lets us imagine that perhaps, if they spent a little less money on marketing, they could provide their drugs more cheaply to Australian consumers and, indeed, to consumers around the world.

There has also been some talk about the sort of prevention that doctors should suggest to their patients: they should tell their patients to walk a bit more and eat a bit better. That is a pretty simplistic approach to how prevention works in the community, but there are ways that a government can actually encourage preventative medicine. There is a lot more room for that as well from this government. There is a program in my electorate called STRONG. It is a weight-lifting program for people predominantly in their 70s and 80s and it has excellent results, not just in helping conditions like osteoporosis but also in dealing with quite severe depression and other psychological conditions. That program is a much more cost-effective way of dealing with any number of physical conditions that people have. It also keeps them out of hospital. It keeps them from being dependent on home and community care services. We could have a look at more programs like this in the community. It is the same as smoking cessation programs. The idea of investing in smoking cessation programs shows you where you can make enormous health savings down the track.

We need a Pharmaceutical Benefits Advisory Committee that is not a lap-dog of the
pharmaceutical industry. We have had a long tradition in Australia of having a solid independent process. I was extremely concerned last year in February, when I believe that the integrity of that process was seriously compromised by the appointment of an industry representative to the Pharmaceutical Benefits Advisory Committee. Indeed, four members of the PBAC resigned at the time, including the chair, Professor Don Birkett. They found it extraordinary that Mr Pat Clear, who ran the Australian Pharmaceutical Manufacturers Association until February 2000, was appointed to the committee. He was widely considered to be an industry representative on the committee. The committee made it very clear that they did not feel that they needed an industry representative and that their work would be compromised. The appointment was criticised by the AMA, the Doctors Reform Society and the Medical Journal of Australia. It even drew international attention, with the International Union of Pharmacology, which is an advisory body to the UN and the World Health Organisation, and the deputy editor of the Journal of the American Medical Association both criticising it. The deputy editor of the Journal of the American Medical Association described it as:...

...a tremendous victory for a super-rich industry that wants to become richer at the public expense...

I could not have put it better myself. Of course, this was all at the instigation of the Bennelong Group, which is a group of pharmaceutical companies located in the Prime Minister's seat that seem to have met with the Prime Minister to lobby for an industry representative on the PBAC. The then Minister for Health and Aged Care, Minister Wooldridge, said that he knew of the meeting but that the Prime Minister never spoke to him about it. Doing this, in contravention of their own Tambling report, which warned against a drug industry member because it could 'result in an untenable conflict of interest with industry involved in decisions in which individual companies have a strong financial interest', shows that the government are not really interested in reining in the costs of the Pharmaceutical Benefits Scheme by taking an innovative, thorough approach to which medicines are approved or not. It shows that they are completely prepared—and only interested in this—to take the lazy option of making consumers pay more. I have outlined any number of ways by which we can reduce the costs of the Pharmaceutical Benefits Scheme. The government are not interested in most of these ways; they are just interested in slugging consumers more.

The government are completely interested in protecting the profitability of pharmaceutical companies. These are the highest profit-generating companies in the US, with a median 35 per cent return on equity, which most business people will tell you is a pretty good return on their investment. They have profits of $US6 billion a year, with Pfizer and GlaxoSmithKline dwarfing companies like Unilever and Coca-Cola. These sorts of figures show that, if we rein in the prices that companies get for their medicines, we are not going to send these enormous companies out of business. We are talking about reducing their superprofits, rather than making them unprofitable. I do not want us to take the lazy option, the easy option, of just slugging consumers more. We need to be a lot more sophisticated in our approach to reining in the costs of the PBS.

Ms HOARE (Charlton) (8.39 p.m.)—When you look around this chamber this evening you wonder where the government members, who should be so proud of their budget, are. Where are they? Where are the government speakers on this bill which affects every single one of our constituents? We are talking about prescriptions that you buy at the chemist when your kids are sick, when you are sick, when your spouse is sick, when your parents are sick. This legislation affects every single one of our constituents—those who vote for us and those who do not—and their children.

We have seen a paltry number of government members come in here to try to defend the position that the government has taken. The number of government speakers reflects the difficulty which many government members must be experiencing in trying to persuade their constituents that an increase in medicinal costs is good for them. Indeed, we
will even be witnessing a $12 million advertising campaign to convince pensioners and struggling families that increasing the costs of their essential medicines is good for them.

I go back to when the Minister for Ageing, representing the Minister for Health and Ageing, first introduced this bill in this chamber on 6 June. He came in on that Thursday morning at 9.30 to move the second reading motion, and his second reading speech went for a mere seven minutes out of the 30 minutes he had to promote and defend the stance taken by his Treasurer in the 2002-03 budget.

Two years ago, Treasury predicted a $14 billion surplus for this financial year and a $24 billion surplus for the next. Instead, the Treasurer delivered a $3 million deficit. Even if no new funding requirements for defence and border protection had been required, the budget would still have been in deficit by more than half a billion dollars. The deficit is a gross breach of public trust. The Prime Minister and the Treasurer panicked and they blew the budget. To try to help its budget bottom line, the government has slugged struggling Australian families and pensioners by introducing the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002. The bill proposes amendments to the National Health Act 1953. Basically, as outlined in the explanatory memorandum, the amendments will:

• increase the general patient co-payment from $22.40 to $28.60, with effect from 1 August 2002;
• increase the concessional patient co-payment from $3.60 to $4.60, with effect from 1 August 2002;
• increase the general patient safety net threshold from $686.40 to $874.90, with effect from 1 January 2003; and
• increase the concessional patient safety net threshold (an amount equal to 52 times the concessional patient co-payment) from $187.20 to $239.20, with effect from 1 January 2003.

The government proposes that the sickest and the poorest Australians, and families under financial pressure, be hit with an increase of almost 30 per cent in the cost of their essential medicines from 1 August this year. This bill will mean that families will pay $28.60 for each prescription, up $6.20 per script, and 300,000 Australians in families will pay up to a total of $190 extra each year for their essential medicines. Pensioners and other cardholders will pay $4.60 for each prescription, up $1 per script, and over one million pensioners and concession cardholders will pay up to a total of $52 a year more for their essential medicines.

When Labor left office, cardholders paid $2.70 for each prescription and non-cardholders paid $16.80. From August, the Howard government proposes these charges be increased to $4.60 and $28.60 respectively—an increase of 70 per cent. When Labor left office, aged pensioners were fully compensated through the pension for their pharmaceutical costs. From August, they will be $1.70 worse off each time they fill a prescription and up to $88.40 worse off a year compared to 1996.

Labor will be vigorously opposing this unfair increase, and I would hope that the Democrats and the minor parties in the Senate maintain their opposition and assist Labor to prevent this measure from being passed. To ensure our vigorous opposition to this, I am pleased and honoured to represent my constituents’ concerns by supporting the amendment moved by the member for Perth. To ensure that my constituents are clear about Labor’s amendment, I will read it out:

"the House rejects this bill for the following reasons:
(1) it will necessitate an increase by nearly 30% in the cost of essential medicines hitting the sickest and poorest in our society;
(2) the true rationale for the bill is to restore the budget bottom line;
(3) in terms of health outcomes it will be negative, causing sick and elderly people to be deprived of pharmaceuticals and thus increasing pressure on the nursing homes and hospital sectors, despite growing evidence that $1 spent on pharmaceuticals saves $3 - $4 on later health services;
(4) there are other, more effective, means by which the long term viability of the pharmaceutical benefits scheme could be assured, means which, by proper planning, would put appropriate responsibility on the pharma-
the pharmaceutical industry and the medical profession, rather than on those least able to bear the burden; and

(5) the disingenuous way in which the Government has both told one story about the pharmaceutical benefits scheme before the election and a different story after the election and has used the intergenerational report to pretend that this is a measure designed to ensure the long term viability of the pharmaceutical benefits scheme”.

In the Treasurer’s budget speech, which was delivered in this place on 14 May, the Treasurer said:

So the Government is taking some small steps to help put the Pharmaceutical Benefits Scheme on a more sustainable basis ...

He went on to say:

From 1 August this year, co-payments for concession cardholders such as pensioners and Seniors Health cardholders will rise by $1 to $4.60. Co-payments for others will rise by $6.20 to $28.60 per prescription. While a concession cardholder will only pay $4.60 for a prescription this is only a small part of the cost of many Pharmaceutical Benefits Scheme medicines.

I invite the Treasurer to explain to one of my constituents, who came into my office to see me, that this is just a small step or just a small part of the Pharmaceutical Benefits Scheme. My constituent, Jan—and I have made representations on Jan’s behalf—is a diabetic, she suffers from chronic bronchitis and she is also a chronic asthmatic. Because of her diabetes, she requires two needles a day. She suffers from sleep apnoea, and it costs Jan $180 a year for one of those specific masks and tubes to enable her to sleep. You are supposed to update your mask every year. Jan cannot afford to buy a new mask and has to stay with the old mask and tube that she is using. As an asthma sufferer, she relies on puffers to keep her bronchial tubes open.

Jan provided me with a list of the medication that she is on. This is a person that the Treasurer says only has to pay $1 extra; a person whose sole source of income is the disability support pension. Jan is on Dapatin Tabs, Zoloft, Lipex, Oruvail SR, Coversyl, Felodipine, Glucohaxal, KS R, Quinine, Ferrous, Caltrate, Mixtard and Protophane. She is also prescribed Actos, which costs over $100 a month. Jan also requires special diabetic food. With all this, she has to survive on the disability support pension. This is just going to be another whack for her. Jan said to me, ‘This government is just taking away any independence that I might have.’ We have heard about doctors overprescribing. Jan went to her doctor and asked, ‘Are there any of these drugs that I can be taken off?’ The doctor replied, ‘No.’ Jan needs all of these drugs just to be able to survive. As I said, I encourage the Treasurer to respond to my constituents and many constituents of ours around the country who are just like Jan.

I am sure that all members in this place are receiving a flood of concerns from constituents. Another letter that I have pulled out reflects all of the others I have received. The letter says:

Dear Kelly,

I hope you will be voting against the Liberal budget items on the increases to the PBS and changes to the DSP.

How low can these Liberals go? It is simply beyond comprehension that they would take money from those least able to support themselves to fund their vote winning xenophobic border fantasies.

That is quite reflective of the kinds of concerns that these people have. They feel, they know, that they are being slugged to help pay for the government’s bottom line—the budget that they brought down in deficit.

Only on Monday of this week I presented a petition to the honourable Speaker and members of the House of Representatives assembled in the parliament that:

The petition of certain citizens of Australia draws to the attention of the House:

That increases to the Pharmaceutical Benefits Scheme in the 2002 budget will hit those that can least afford it, families and pensioners.

That this Government should remember the commitments made before the 2001 election in regard to the cost of prescription drugs.

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the budget. The government says that these particular proposals will save $800 million over four years through a range of structural and administrative changes to the Pharmaceutical Benefits Scheme. The measures which we have said we will support include increasing the use of generic drugs where appropriate, stopping pharmaceutical fraud, improving the listing process for new medicines, providing better information and guidance for prescribing doctors and increasing the focus on evidence based medicine.

In the Leader of the Opposition’s budget reply the opposition sought to provide advice to the government. We proposed some changes—changes which would go even further—that the government could take up. Labor said that we would support an increased focus on the cost and prescribing patterns of new drugs during their first year on the PBS; the inclusion of the full cost of the medicine on the label so that consumers are aware of that cost; tighter controls on direct-to-consumer advertising; and greater scrutiny of industry marketing.

At that time, on 16 May, we asked the government to respond to our call and to cost these measures in the same way that they have costed comparable measures announced in the budget. The government is yet to come back to us with those costings and we encourage them to do so fairly urgently. I hope this bill will be defeated soundly but the system does need reform and we are offering a way forward to support some of those reforms. I urge the government to abandon this attack on pensioners and families, and to sit down and talk through some reasonable steps to help reform the Pharmaceutical Benefits Scheme.

Mr MARTYN EVANS (Bonython) (8.55 p.m.)—The National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 deals with increases in the patient co-contribution for the Pharmaceutical Benefits Scheme. Of itself, increasing the patient co-contribution is not an extraordinary or remarkable event. However, this particular occasion is remarkable and extraordinary in two ways. Firstly, the government with this bill is proposing a very substantial, indeed massive, increase in the level of the patient co-contribution. The patient co-contribution goes up very significantly. For the general population the co-contribution is going to increase quite markedly to over $28. For concession cardholders the co-contribution will increase by $1. That amount is of itself a very significant percentage increase and is a significant absolute amount for those who are on a concessional income and have a very limited income to dispose of things such as drugs.

Secondly, it is remarkable not only because of the magnitude of the increase—which is important, as many of my colleagues including the shadow minister have indicated this evening—but also because on this particular occasion the government has sought to dress up this significant increase not as a revenue-raising measure but rather as an intergenerational report which seeks to address what the government alleges are fundamental problems with the sustainability of the scheme. Not that the increases are required for revenue purposes, mind you, but because it is good for the population as a whole that we should increase the size of the patient co-contribution quite significantly so that we can rein in the cost of the scheme over the next 40 years and ensure that it remains sustainable. Indeed, those government members who have spoken this evening have spoken along those lines, saying, ‘If you want to keep the scheme available for the broad majority of the community, especially concessional patients, then you need to increase the cost of the drugs to everyone now so that over the course of the next 40 years the scheme as a whole will remain sustainable.’

That proposition is fundamentally flawed and, as government ministers are fond of saying in question time, the premise on which those assumptions are based is flawed. Indeed, it is quite wrong. Predicting the future is always a very difficult proposition. It
is one of the few things that we have trouble predicting accurately. The difficulty with attempting to predict the future over a period of some 40 years is that the potential for errors in your predictions becomes quite significant. Small changes in your initial starting assumptions and in things like the rate of increase over a period of 40 years with compound growth rates can have very dramatic effects on the end points in this equation. But there are some fundamental flaws in the projections which the government has come forward with here that go beyond the simple statistical and linear projection analysis issues which are always going to be the case in these kinds of future oriented exercises.

The scheme has been in operation now for over 50 years. It came into being on 1 June 1948. That happens to be five years before I was born. It also happens to be five years before the discovery of the structure of DNA. If you are going to date modern medicine from any time you would have to date it from that period in 1953 when Watson and Crick decoded, so to speak, the structure of DNA, identified the double helical structure of the molecule, and set us on the path of modern molecular biology—which ultimately will be regarded as the most significant influencing factor in the development of drugs and medical treatment over the course not only of the last century but of this century as well.

Where does this take us in the context of this long-term debate over the PBS? In the period of 50 years since the structural analysis of DNA, and indeed since the establishment of the PBS, we have seen an explosion in the number of drugs available to effectively treat medical conditions. The reality is that, before the 1950s, at the time of the establishment of the scheme, there were very few if any effective drug treatments for any medical condition, and the ones that existed were of limited efficacy. We had just discovered antibiotics—and, of course, they have had a role to play subsequently in the PBS and no doubt they will be covered in future discussions—but the reality was that, apart from some of those early drugs, we had very few drugs to deal with the majority of medical conditions. Since that exciting period in 1953, we have discovered and developed a whole range of molecular identities that are effective in the treatment of a wide range of medical conditions that cause real hardship and suffering in the community. Of course, they come at a cost: a cost to the patient in terms of money and a cost to taxpayers as a whole through the subsidy that is inherent in the Pharmaceutical Benefits Scheme.

Most of the costs of drugs arise from the fact that drug manufacturers can claim a monopoly on the sale of those drugs during the life of the patent that covers the drug. That was initially a period of some 20 years, and the parliament recently extended it to 25 years to reflect the long development cycle and the high cost involved in the development of drugs. But the reality is that the 40-year projection period that the government is contemplating in its Intergenerational Report is nearly two cycles of pharmaceutical patents. Not only is the cost of the Pharmaceutical Benefits Scheme projected over a period of 40 years; it is also a period of two whole patent lifecycles of drugs.

The reality is that many of the drugs that the Treasurer often quotes as being particularly expensive will in the very near future fall off the patent list. Two of the more significant statin drugs that are often referred to in this debate, Pravachol and Zocor, face patent expiry in late 2005. Clariten is a very common antihistamine, and its patent expires in December 2002. They are just a few examples of the many drugs that constantly fall from the end of that patent queue. While manufacturers gain a monopoly for the 10 to 15 years of life of the patent, once that period expires anyone can manufacture a generic version of that drug for a human condition that has not changed in the interim. Clariten will treat hay fever now when it is on patent, and it will treat hay fever after the patent expires. The difference is that once generic drugs are developed, the cost will fall. Pravachol and Zocor treat high serum lipid levels now, and they will still treat those lipid levels after the patent expires. Other drugs that are more effective may come onto the market but, as the Treasurer often indicates, drugs will fall from the end of the patent list and go down in price on an ever in-
creasing basis as the patent system works its way through this 40-year period.

If the issue is as critical and as urgent as the government has maintained such that we must impose this high level of burden on concessional patients and on the average person in Australia, what has the government done in its term in office to ensure that this scheme—which it now says is at such risk—remains sustainable? This government, through the former minister for health, Dr Wooldridge—about whom we have heard so much recently—has done quite a lot to increase the cost of the PBS. For example, before the last election Dr Wooldridge said:

We have got new and exciting pharmaceuticals coming on stream and it actually keeps people out of hospitals. I have been able to fund things like COX-2 inhibitors for arthritis and the new antismoking drug Zyban, and there is some real public benefit here.

That is exactly the point. Former Minister Wooldridge correctly identified significant benefits of many of these drugs; indeed, that is the basis of their listing on the PBS. The drug companies are required to demonstrate to the authorities administering the PBS that their drug is not only medically effective but also cost effective. That is part of the assessment of all of these drugs. As then Minister Wooldridge correctly pointed out, the use of COX-2 inhibitors—drugs like Zyban and too many other drugs to mention—is a very positive contributor towards the health of the nation.

If we increase the cost of pharmaceutical patient copayments, we will have other unintended consequences. Overseas research has indicated that patients with limited means will simply discontinue expensive pharmaceuticals part way through their treatment, and they will incur much higher levels of hospitalisation. They will go back to the doctor far more frequently. They will experience greater periods of ill health, which will result in decreased economic productivity and losses for their families. There will be a cost to the nation in taxation losses and increased government expenditure on hospitalisation. There will be a cost to productivity in the economy. These areas will balloon out, and they will do so in ways that can be much more significant than the cost increases the Treasurer has foreshadowed in the PBS. The reality is that those costs are social, personal and financial.

Just how real is this increase in the PBS? We do not know the basis of these projections: whether people will be as sick over the next 20 or 30 years as they have been over the last five or 10. With the advances in molecular biology and genetic research, and with the availability of some of the drugs we are talking about, health costs may well come down in some of these areas. The stupidity of a long-term, simple mechanical projection is illustrated by the Treasurer’s simplistic projections of the PBS heading to something like $158 billion in 2041-42.

If we then project forward the cost of the patient co-contribution, what would a patient’s co-contribution be in 2041 when the cost of the scheme to the Commonwealth is alleged to be $158 billion? By my simplistic calculations, equally as simplistic as the Treasurer’s but nonetheless valid if his are valid, the patient co-contribution would exceed $1,000. How is it sustainable and affordable for the average Australian if the cost of the patient co-contribution in 2041 will be over $1,000 per script? I do not find that a terribly sustainable proposition. The reality is that, if the cost of the scheme multiplies at that level of growth, the cost of the patient co-contribution would have to go up at that rate if we are to maintain the sustainability of the scheme as the Treasurer demands we should. Or is the Treasurer going to freeze the patient co-contribution at the $28 level while the cost of the scheme, in his view, continues to rise?

The nonsense that is perpetrated by an intergenerational report that seeks to project health and science outcomes 40 years into the future is indeed an absurd proposition. I support the notion that we should look to the future and that we should investigate the cost implications to this country of the programs which the parliament administers on behalf of the taxpayers. That is a reasonable thing to do. The mechanism which the Treasurer has employed to conceal his wish to increase the financial return to the government from the patient co-contribution in this case—the
smokescreen that he has erected around a very simple cost increase, a cost slug to pensioners and to citizens—is unfortunately a very artificial, indeed absurd, edifice. It is one which I am sure will come down around this government’s house not only in the context of the absurdity of these projections but also in the public response to the massive increase in pharmaceutical costs which they now face.

Families cannot afford these changes. Families cannot afford this government; that is the reality of it. The basis of the science and the statistics which underlies the Treasurer’s proposition here is fatally flawed, I am afraid. The PBS is a worthy scheme. It has been with us for well over 50 years and it will be with us into the future. It is an important scheme that we need to maintain. I support the shadow minister for health’s second reading amendment. It is one that the House should support.

Ms Hall (Shortland) (9.10 p.m.)—I must say that this is the first time I have spoken in a debate with you in the chair, Mr Deputy Speaker Barresi, and I congratulate you on being elevated to the Speakers Panel. I oppose the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 and in doing so I have to say that it is the type of legislation that we on this side of the House have come to expect from this government. This legislation is an attack on the sickest and most vulnerable people in our community. This legislation will have a greater impact on the very sick, the very old, families and the poor. In other words, the sicker you are the more you pay; the poorer you are the greater the impact. It is an attack on those people who look to government for protection. Unfortunately, instead of helping people in times of illness and misfortune, the Howard government is making them pay for their bad luck and illness.

When this government came to power in 1996 the cost of a prescription for a non-concession cardholder was $16.80. If this government were successful in having this legislation passed, it would go up to $28.60—that is up $6.20 from its current level. This is an enormous impost on families and people when they are sick. For pensioners, the increase will be $1 per script—that will take them up to $4.60 per script and $52 a year. When the government came to power in 1996 the cost of a script to a health care cardholder was $2.70. Since that time, and taking into account the proposed increases in this legislation, there has been a 70 per cent increase. In fact, the increase proposed in this legislation is 30 per cent. The Treasurer has told pensioners, other cardholders and parents, for that matter, that they will pay no more than $52 per year. That is not quite true. That is misleading the Australian people because some essential medicines still have a copayment even after a person reaches the safety net. So what does the Treasurer have to say to those Australians? Nothing at all, so far.

Like all members on this side of the House, I have been talking to people in my electorate about the effect that this will have on them and how they will be able to cope with the increased costs for pharmaceuticals. Most elderly people are on multiple medications. Just to give you an example: the other day I was in my electorate office signing a reply letter to a constituent who had written to me stating how this legislation was going to impact on him. He takes 18 different tablets per day and he is terrified about the increased costs. I might add that he will still need to make a copayment for some of those medications even once he reaches the safety net. Whilst I was signing the letter another man came to the counter and I asked him, ‘How many medications are you on per day?’ He said, ‘Nine.’ Not long after that I had an appointment with a veteran who was on 14 different types of medication a day.

On the weekend before that, I was at my local shopping centre and I was speaking to a lady who was a diabetic and who received the disability support pension. She was very worried about what the proposed changes to the disability support legislation would mean for her, but she was more worried about how she was going to be able to afford her medication—she is on 15 different types of medication a day. She said to me, ‘I think I’ll be in a situation where I have to choose which of these medications I can cut, which of
these medications I can afford.’ A pensioner came to my office the other day—a rather feisty gentleman named Harry. He said, ‘This government, this government—they’re just trying to kill us all off!’ He was quite passionate about it and he felt very much that he was being betrayed and that the government had no thought for his needs or for the needs of the other pensioners who attend the pensioner group that he is a member of.

I was at another of the shopping centres in my electorate and I was speaking to a grandmother who had two of her grandchildren with her because the mother of the children was ill. She had been to the doctor the day before and had paid $98 for the antibiotics and medication she needed for her children to help them recover from their illness, and that was before the $6.20 increase per script for that family. That family will not reach the safety net, but there will be times when that family is hit with illness like that. Some families, maybe not all, will be placed in a situation of having to choose what medication they can afford and whether they share the medication between the children—hopefully in the long run their children will get better. This legislation has the potential to have a real impact on the health of our community.

I received a letter from Darrell Stone, who lives in my electorate. He makes a couple of comments about the disability support pension, which I will not go into, but I feel that I need to bring some items in his letter to the attention of the House. He said:

The substantial increase in prescription costs is unreasonable and will hit many people severely, particularly the older group of the population.

In my case, I have 1 prescription per month that I must have for the rest of my life, and my wife, who has recently been diagnosed with incurable bone cancer at this stage has 5 scripts per month to fill. Goodness knows what it will be as her illness progresses to its ultimate conclusion. We are fortunate in that she is still able to work and therefore our income will be greater than many of the less fortunate, however, when she is no longer able to work due to the progress of her cancer, I will become a full time carer, and our own income substantially less than it is now.

It does not paint a pretty picture for the future, particularly when we are asked to sacrifice such important benefits for the benefit of protecting the energy supplies of USA.

Mr Stone is just one of many people who have written to me. I note that the member for Charlton also referred to some of her constituents. What really concerns me is how this will impact on the health outcomes within our community. For every $1 spent on pharmaceuticals, it saves between $3 to $4 in other kinds of medical treatment—hospitalisation or the more severe effects associated with long-term chronic illness. It will lead to a blow-out in the health care budget, it will put greater strain on aged care and nursing facilities, and it will lead to a situation in which more and more people will be forced to choose between what medications they take and do not take. It will lead to a situation of self-medication, and that is something that really worries me.

The Treasurer has told Australians that we must pay more for our medicines to ensure the ongoing viability of the Pharmaceutical Benefits Scheme, and he blames the dramatic increase in the cost of the scheme on our ageing population—a claim supported by the Intergenerational Report and data from the 2001 census, which shows a 0.5 per cent increase in the number of people over the age of 65. I would say that he is not being honest with the Australian people. Big ticket items, like Celebrex and Zyban, have really blown the budget, and the extension of the health care card—and I am not saying that it is a good thing or a bad thing—to self-funded retirees and to people who earn up to $50,000 a year has had a significant impact on the cost of the Pharmaceutical Benefits Scheme. The listing of Celebrex on the PBS was controversial to say the least. The pharmaceutical benefits advisory board did not recommend the listing of Celebrex; it was the minister who overrode the recommendation of the board. This raises two questions: why did the board not recommend it and why did the minister override their recommendation?

In recent studies it has been found that Celebrex is no more effective in reducing the pain associated with inflammation caused by arthritis than drugs that are already on the market and drugs that are a lot cheaper. It is
marginally better—and I say ‘marginally better’ for patients who have GI bleeding but it does not totally eliminate the bleeding. Some people cannot take Celebrex because the problems that they have with other anti-inflammatory medication still exist. The other thing about Celebrex is the cost. It is exorbitant when compared to the other medications on the market—in other words, it is not cost effective. The question is: why did the minister act that way? I would assert that he was just a little bit too close to the drug companies. You only have to look at the way he changed the composition of the pharmaceutical board—the appointment of Pat Clear, who was a director of Fucell Pty Ltd and a person with a long history in the industry—to see how close the minister was to the industry and to see the impact that the industry was having on our pharmaceutical scheme. I believe that the government is far too close to the industry and is beholden to the industry.

The pharmaceutical industry is big business, and it is about profit for its shareholders. If the government were truly interested in reducing the costs of medicines, there are many things that they could do. The previous speaker was talking about patents. One of the things that the government could do is legislate to close the patent loopholes. The company that produces Claratyne has also produced Clarinex. When Claratyne enters the body, it makes Clarinex. Claratyne is about to lose its patent, but Clarinex is going to be sold as a new generation drug when, in fact, it is the same drug. It is a way of getting around the patent loopholes, and I feel that the government needs to look at this very seriously because it is one way that we can look at saving a lot of money and cutting costs as far as the Pharmaceutical Benefits Scheme is concerned.

The government also needs to address the costs associated with promotion and advertising. One health professional in Sydney has recently advised me that 80 per cent of the costs associated with drugs comes through promotion and advertising. That is not very good. Another health professional, a doctor who is in a position of great responsibility, was telling me that the advertising budget for Smith/Merrick in the USA is equivalent to the Coca-Cola market worldwide. When you look at the figures there, they really show how advertising and promotion impact on the cost of the medications we take. Also, you look at the doctor incentives and how they are all added in. Every little thing that is associated with the promotion and advertising of medication is passed on to the consumers and passed on to government. We need a situation where independent education is given to doctors. Education by drug companies has a vested interest, and a lot of the education that doctors receive is through the drug companies. Research into new medications needs to have greater involvement of and direction from government. When new drugs are developed, we need to make sure that they are not being sold to replace old drugs that are just as effective.

I am appalled that any government would attack struggling families and pensioners in this way. The Howard government is forcing the Australian people to pay for its ineptitude and bad decisions. It is shifting the cost of its pre-election vote buying spree to the sick and poor of Australia by slugging them with a 30 per cent increase in the cost of their pharmaceuticals. This is a government without a conscience, a government that adopts a quick fix approach while refusing to act to ensure the ongoing viability of our Pharmaceutical Benefits Scheme.

Mr ANDREN (Calare) (9.26 p.m.)—There is no doubt that Australia’s Pharmaceutical Benefits Scheme is expensive, but we must always remember the cost benefits of a healthy society. It is also important to keep in mind that we have a scheme that is the envy of many developed nations around the world. As the Productivity Commission confirms, the PBS pays the lowest prices for its pharmaceuticals of any Western country. The increasing cost of the scheme can be broadly attributed to the listing of increasingly expensive new drugs, overprescribing and leakage—by which I mean the use of listed drugs for other than their specified purchase—consumer expectations, the ageing population and aggressive marketing by the pharmaceutical industry.
The change to the PBS that is of most concern involves the proposed increase in the copayments on prescriptions and the safety net thresholds for both concession card holders and general patients. From 1 August 2002, pensioners will pay an extra $1 for a script, an increase from $3.60 to $4.60, and general patients will pay an extra $6.20, increasing to $28.60. The safety net provision will increase in line with the price hikes per script. Pensioners will still receive fully subsidised scripts after they have filled 52 at the concessional rate. The safety net for general patients will increase from $686.40 to $874.90, after which they will receive their prescriptions at the concessional rate.

These measures will come into effect on 1 January next year and are forecast to save the government $1.1 billion over four years. This $1.1 billion will be borne by the patient—a burden that will be very difficult for many of these Australians to bear. The rest of the projected savings are to come from the government looking to improve the process through which drugs are listed. These provisions are a positive aspect of this bill's attempt to rein in its cost. In summary, these measures involve improving assessments of the cost of new drugs proposed for the PBS, improving the Pharmaceutical Benefits Advisory Committee's tracking and monitoring of the use of medicines, helping doctors in their prescribing to the PBS criteria and improving the Health Insurance Commission audit, investigation and counselling procedures, allowing doctors to access the Health Insurance Commission for authority prescriptions online, computer software that will provide information and guidelines that support quality prescribing to medical practitioners as well as providing independent information about the drugs listed on the PBS to the community and the encouragement of the prescription of generic alternatives. But even some of these measures are dubious at best when we look at the details.

One I found questionable was the placing of some of the responsibility for providing information about the PBS to doctors to be left to pharmaceutical companies. Company reps, in the course of their contact with doctors, will inform them of the PBS prescribing requirements, as well as providing this information in their advertising. This seems reasonable on the surface, but the drug companies that stand to benefit most from having their products listed on the PBS will be the providers of information in regard to prescribing guidelines. It somehow does not quite make sense when one of the recognised factors contributing to the increase in the cost of the PBS is the aggressive marketing carried out by pharmaceutical manufacturers. It seems too cosy a relationship for my liking, and I think a totally independent position is needed when these drugs are being promoted through the GPs.

Two relatively new drugs, Celebrex for arthritis, and Zyban for quitting smoking, have been pegged as contributing to much of the annual 20 per cent increase in the cost to the PBS in the last few years. This advice comes from the Parliamentary Library. As the former speaker said, Celebrex was listed at the behest of the former minister and not the board. In an article in the *Sydney Morning Herald* on 13 and 14 April 2002, Mark Metheril wrote:

> The marketing of drugs to GPs is relentless and estimated by the Doctors Reform Society to cost $750 million.

That is quite a promotional budget. He also stated that 800,000 prescriptions of Celebrex were issued in the first month after its listing. This article also suggested that there was scant evidence of a government strategy to investigate the real costs and benefits of galloping drug use and cost. Celebrex strikes me as an example of a drug that perhaps warranted much further examination than was rendered to it before its approval.

Such an investigation is the sort of proactive approach that the securing of the future of the PBS needs because the bottom line is that the scheme is going to become more expensive as demand for subsidised drugs increases with the ageing of the population and the retirement of the baby boomer generation. The Treasurer's Intergenerational Report suggests that this is what will happen. I was most interested in the contribution to this debate by the member for Bonython which was, indeed, a very detailed analysis into the workings of the patent process and
how the plethora of drugs coming on the market may well reduce, through competition, the cost of treatment as drugs fall off the patent list and so become competitors in the marketplace for the heavily subsidised one. The rapid medical breakthroughs that are likely to occur, and are occurring, could reduce the demand for these expensive drugs. This 40-year projection may well be wildly astray and to premise these cuts on that sort of projection does not appear to be anything other than, in the short term, a targeted budget saving for short-term budgetary purposes.

The PBS should not be regarded as a source of budgetary fat to be trimmed when there are budgetary considerations. It is a good and worthwhile scheme; an example of taxpayers money very well spent. In fact, it is exactly the type of thing that people pay taxes for: public money to be spent on making drugs more affordable for when the Australian public gets sick. Someone mentioned $60 billion as being the cost of this scheme—whatever that might be after inflation and so on—if the Intergenerational Report projections are carried through over 40 years. That is the price tag that has also been put on the environment in a similar time span. If we can seriously debate a means of arriving at a funding process for the health of our natural environment then surely we can look at—even at those projected rates—a similar cost for the health of our aged and feeble. But as the member for Bonython says—and quite rightly, I think—the medical breakthroughs and the competitive marketplace for newer drugs will most likely slash those projections quite remarkably.

The least able to pay and the most in need are again a soft target for these spending cuts. We only have to compare these budget measures with the changes to the superannuation surcharge reduction—a decrease in a tax for the top three per cent of income earners. Similarly, the 30 per cent Private Health Insurance Rebate Scheme could provide a more ready source of government savings.

I supported this measure when it was before the House in the ultimately vain hope that it might lead to reduced public hospital waiting lists. I thought that attracting people into private health insurance was one way of achieving that but, with the privately insured still seeking access to public hospitals because of the insidious gap payments, I believe this hugely expensive gap payments rebate has been counterproductive. If it is so important to save $194 million in the next year, why not trim a scheme that helps those who can already afford private health cover to the tune of $2.3 billion a year and, while we are doing that, do something serious about bringing the doctors and the specialists to task about sticking to the prescribed payments for specialist procedures? Means testing the health care rebate could save up to a billion dollars or, as the National Medicare Alliance said before the budget, ‘Abolish it completely and reinvest the money in health services across the country,’ and thus subsidise the cost of pharmaceuticals to the frail and aged with those savings.

The Minister for Health and Ageing is quoted as saying this morning that she will lay the blame for new and vital drugs not being included under the PBS at the door of those opposing this measure. These new drugs would not miss out if the PBS was left alone. The private health insurance rebate could be cut instead, and the PBS could be left at maximum accessibility for those who really need it. The Bathurst branch of the combined pensioners and superannuants have called these measures ‘an attack on the sickest and the poorest in our society’, and I have to agree with them. In a letter to the minister, the branch said that, at best, the increase in the copayment requirements for PBS-listed drugs is another blow to a group that, with the introduction of the GST, have had the spending power of their pensions cut by $1,300 a year. This was recognised by the government with its one-off compensation of $1,300 but which few of those in need actually received and which was further compounded by significant price rises in both goods and services, rates, insurance, electricity and telephone charges.

Pensioners in Australia are already disadvantaged enough in comparison with other Western nations, without the added cost of increased copayments. United Kingdom pensioners receive about 50 per cent of average
weekly earnings, and in Germany the figure is 68 per cent, but our pensioners currently receive 25 per cent of adult male average earnings. Interestingly, the CPSA are currently organising a delegation to lobby for an increase to 35 per cent of average weekly earnings. That is their bottom line. They say that current pension rates are not enough. Even if that is an ambit claim, we cannot but seriously look at about the 30 per cent mark as a fair and reasonable ask, given the extra impost, including this, with which they have been burdened in the last few years. They also point out that it is cheaper for the government to subsidise these drugs than it is to pay for the cost of caring for these people as stroke and cardiac victims in hospitals and nursing homes. That is the aspect of the PBS that is often ignored in the preoccupation with the scheme’s bottom line. What is the cost of not having it available?

Before the slashing of a scheme such as this begins, we should be having a good hard look at the benefit it brings to our society and, indeed, the economy. Ben Harris wrote a thought-provoking article in the Australian on 6 May, prior to the budget. Mr Harris is Vice-President of the Australian Federation of AIDS Organisations. He said:

Politicians, bureaucrats and other media commentators promoting the idea that the taxpayer funded PBS spending is out of control is not what I’m looking for ... I want to know what the PBS is doing for me and the community.

The PBS is more than its bottom line. Pharmaceuticals help people to get back into the work force and they help carers to get back into the work force too, with fewer people being a burden on the public health system and fewer people relying on social security, which means more people paying tax. There certainly needs to be research done in the short term to ensure the long-term viability of the PBS, but a big part of that research must look at increasing the emphasis on secondary health care—behavioural and alternative therapies to complement or even substitute drug therapy. With considered and directed research, practical and applicable approaches can be found. There already is recognition that the lifestyle and behavioural side of treatments needs to be pushed, and this must be encouraged.

I was happy to see comments by Democrats spokesperson Senator Lees about the development of lifestyle scripts spelling out diet, exercise and therapy—changes to help a person’s recovery, including alternative therapies such as chiropractic or acupuncture. In February even the AMA issued a landmark change to its policy approach, stating that complementary medicine is an important part of health care. The chair of the AMA advisory committee on alternative medicine recognised the need for funding for research to show where these therapies are of benefit and for evidence of adverse effects, side effects and interactions with other drugs. In the words of the chair:

For us to continue to have a head-in-the-sand attitude ... was wrong.

And so it is. There is so much more at stake with the PBS that to seriously look at securing the scheme for the future, as the government describes its proposed cuts, will require a whole-of-medicine approach and indeed some attempt to quantify the overall economic and social benefit. Patient drug overuse or abuse is not responsible for the perceived blow-out in the costs of the PBS, and this does not justify increasing copayment contributions. As it stands, the bill does not go far enough to improve the PBS. It takes a narrow approach to the very wide issue of health care in this country, it pushes the burden of government savings onto those least able to bear it without a significant negative impact on their quality of life and it consequently risks increasing demand on the public health system.

For a pensioner already scraping by on the pension, any additional cost will have a detrimental impact on their quality of life. For lower-income families these increases are a huge impost. That goes in tandem with the cuts in dental health care. I cannot see how any progressive country cannot look on dental care as an important part of overall health wellbeing. To ignore it is to exacerbate the potential health problems and inevitably cost the system far more down the track than providing that basic treatment to
those who cannot afford the huge cost of dental care.

I was contacted by two of my constituents from Lithgow, both residents in an aged care home. Eighty-five per cent of their fortnightly pension goes to accommodation; the remaining 15 per cent goes to cover everything else: clothing, phone, fares, toiletries and, of course, their medication. Try telling someone who is stretching 15 per cent of their pension in order to live fortnight to fortnight that an extra $52 for medication will not have an impact. Or there is the chronic asthmatic who subsequently is diagnosed with type 2 diabetes and who spends $100 a month on medication, with a family whose expenses are set to increase to $150 a month and who already skims on medication to make little savings. It remains to be seen how many people will skimp on health care due to the increased costs of medication and end up in the public health system.

The bill is short term in its vision rather than the considered policy that is truly required to secure the future of the Pharmaceutical Benefits Scheme and to build a stronger, more resilient approach to health care in this country. I cannot support such a bill that looks only at immediate savings and, like the goods and services tax and the increasing trend to user-pays, hurts those who are most vulnerable. Let us have border protection and a reasonable degree of security, but not paid for by those who are least able to pay, while we reduce taxes for the well off and make only token efforts to arrest tax avoidance, which would be a far fairer means of funding any budget holes.

Ms CORCORAN (Isaacs) (9.44 p.m.)—The National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 seeks to increase the cost of pharmaceuticals to consumers by increasing the copayment to $28.60 per prescription or to $4.60 per prescription for pensioners and cardholders. The stated reasons for this increase are that the cost of the Pharmaceutical Benefits Scheme is growing too quickly and that this will become an unbearable burden on future generations. I think it is worth taking a minute or two to have a look at this point.

In recent years, the PBS has typically risen in cost by about 10 per cent or 12 per cent per year. Last year, the increase was more like 20 per cent and most of this was of the government’s own making—for example, listing drugs against the advice of the expert committee and extending concession cards to more people, many of them self-funded retirees. It is interesting that these actions were taken last year, which was an election year. It has been estimated that if these self-inflicted wounds were to be removed, the cost of the scheme would have increased by between 12 per cent and 14 per cent. So now we are in the position of having to bail out these costly actions and the government is putting the bill squarely at the door of those least able to afford it.

This bill adds $1 per script for pensioners or $52 per year. It increases the cost of scripts for others by $6.20 per script. This puts the cost of medicines 30 per cent higher than it was before this budget. I have heard many members opposite argue that this increase is okay for a number of reasons. I have heard the argument that it is okay to make these big increases because the copayment is still substantially below the actual costs of some drugs. The logic seems to be that where a consumer is prescribed an expensive drug but only pays the copayment that somehow the 30 per cent increase in the copayment should be gratefully accepted and that somehow the extra $6.20 per script can be found easily.

I am not arguing that the actual cost of drugs is irrelevant or that the taxpayer should be left unaware of the true cost but increasing the copayment is not the way to do it—and I will talk later about more appropriate measures that could be used. The very point of the PBS is to ensure access to appropriate medication for everybody. It is to bring the expensive drugs within reach of all, where that drug is appropriate for their use. The relevance to the family budget is the increase in the level of copayment not the gap between the copayment and the total cost of a drug.

It is illogical to suggest that a family or a person on a tight budget who goes into the chemist and notes the 30 per cent increase in
the cost of medicine is suddenly able to find the extra $6.20 simply because the actual cost of the medicine is far more. The relevant point is the cost to the patient. It is this cost that affects the family budget. It is the increase in the copayment that will hurt those on tight budgets. The cost of the PBS is rightly of concern to the taxpayer but not at the first instance to the consumer. The way to deal with this is not by hitting the patient.

Another argument that has been made in support of this move is that the increase will only hit those who are paying the copayment in the first place and that those buying drugs which cost less than the copayment will not be affected. This argument is flawed on two counts. Firstly, if we accept that this increase will not hurt many people then one has to ask why bother introducing the increase in the first place. If this is the case, this move will not raise much money and will not do much to address the stated problem of the spiralling PBS costs. Logic says that this argument—that is, that not many people will be hurt—does not hold much water. Secondly, this argument is not supported by the facts. Each year about 20 million scripts are written. Of these, about 20 per cent do not go to the copayment rate. This means about 80 per cent of scripts are at the copayment rate. About 300,000 people will pay another $190 per year and then some for their drugs. About one million pensioners will pay another $52 per year.

There is some debate about whether or not the projected cost of the PBS is in fact a valid projection but, just for the moment, let us accept that it is true. There are other far more effective ways of addressing this perceived problem than hitting the consumer. There are basically four things that operate on the cost of the PBS scheme: the consumer, the pharmacy, the doctor and the drug manufacturers. In the scheme of things, the most powerful influence on the money spent on pharmaceuticals is the manufacturer. The least powerful influencer is the patient. The manufacturer wields huge influence and power over the industry through marketing programs, both directly to the consumer and to doctors. We have heard tonight about many elaborate and expensive schemes where doctors are offered trips away by the manufacturers and the marketers. In fact, much more is spent on marketing than on R&D.

The manufacturer, the doctor and the pharmacist all wield more influence over the cost of the PBS than the customer. The manufacturers and doctors influence very strongly what drugs are prescribed, how many and to whom. It is curious therefore that this government has chosen to fix the problem by tackling it through the least effective player, and that is the patient or the consumer. The typical consumer does not decide what drugs to take or even if they should take any at all. Very often, the consumer or the patient does not have the knowledge necessary to make such sensible or informed decisions about their medical care.

One could argue that the action proposed by this bill—that is, to increase the cost to the patient—is actually back to front. If the government were truly concerned about the perceived problem it would be addressing it via the stronger players, not the weaker ones. It could introduce tighter controls on advertising and take more interest in the marketing that the manufacturers undertake. It is reasonable to provide information about the real cost of drugs so that we all know the impact that the decision is having on the public purse. I support the sensible moves that have been proposed by the government, such as encouraging the use of generic drugs where appropriate, stopping pharmaceutical fraud, providing better information and guidance to prescribing doctors and improving the listing process. However, I cannot support the huge increase in the cost of medicines. I cannot support this increase because it is unfair. It imposes a burden on those who can least afford it, it affects their health and it does not actually address the root of the problem. The proposal to increase the cost of medicines is a diversionary device for this government to take attention away from some of the real reasons for the increase in the PBS last year. These real reasons have far more to do with being re-elected and finding someone to pay for those re-election activities.
Mr ANDREWS (Menzies—Minister for Ageing) (9.52 p.m.)—I thank those honourable members who have contributed to the debate on the National Health Amendment (Pharmaceutical Benefits—Budget Measures) Bill 2002 tonight. I do not intend to canvas the range of issues that have been raised by honourable members in their contributions but to simply say that the government remains committed to this measure as an indication of its concern to ensure that over the generations in Australia we maintain a health system that not only is affordable at the present time but is sustainable and will deliver real benefits to Australians by being able to provide a range of pharmaceutical products both now and in the future. This is particularly important given that in the future we can expect that there will be a whole new generation of pharmaceutical products and medicines, partly as a result of the developments occurring so far as genomic medicine is concerned at the present time.

Despite what the Labor Party have said, the facts are that from 1983 to 1996, when those who now occupy the opposition benches were in government, the general PBS patient copayment was increased by 420 per cent. In 1986 there was a one-off increase in the general copayment of $5, and in 1990 there was a one-off increase of $4. The average annual increase over that period of time was 17½ per cent. In fact it was the Labor Party who introduced the copayment of $2.50 for pensioners. Indeed, as has been quoted in this House on a number of occasions in the last few weeks, former Prime Minister of Australia Mr Keating said something which the Labor Party these days wish to ignore, and that was simply that if there was no copayment introduced then the sustainability of the Pharmaceutical Benefits Scheme was in doubt. That was at a time when it was costing the nation some $1 billion a year. Today it is costing more than $4 billion a year. Mr Keating said then that the reality was that if the parliament of Australia did not take measures to introduce the copayment of $2.50, when there was no payment by concession recipients or pensioners at that stage, then the future would hold a situation in which only the wealthy would be able to afford pharmaceuticals.

If that was the case in 1990 when we had a Pharmaceutical Benefits Scheme costing the taxpayers of Australia some $1 billion then it is more so the case today when it costs some $4 billion. If we want the Pharmaceutical Benefits Scheme to work for all Australians and it is left unattended then it will continue to grow and become unsustainable. What the government is doing by this measure is ensuring that we have a sustainable system. We have to be sensible and realistic about the future in relation to that. The extra cost of increasing the payment for concessional payees from $3.60 to $4.60 is far outweighed by the benefits of the system, which are very real for every Australian.

Over the last few weeks we have referred to some of those benefits for ordinary Australians. For example, from the range of pharmaceuticals, the top 25 highest volume PBS drugs for the year ending 31 December 2001, the average price per script for Lipitor, for high cholesterol, is $59.71. Under these measures the price for a pensioner, a concessional price, would be $4.60. With Lipex or Zocor, again for high cholesterol, the average price per script is $60.86. Again, for a pensioner or a concessional payee it would be $4.60. With Panadol or Panamax it cost a lot less, but if you go down to the fourth item on the list, to Celebrex for arthritis, the average cost per script is $46.92. For a concessional payee or a pensioner it would be $4.60. One can go on down the list of drugs, and this is not including those that cost some hundreds, indeed thousands, of dollars to the taxpayer of Australia.

The reality is that if we put in place now measures which involve a degree of intergenerational equity—that is, some constraint on our part at this time to ensure that we have an affordable or sustainable pharmaceutical benefits system into the future—then that will enable us to make the intergenerational investments, where we are actually contributing money to the future in order to achieve a balance and have a sustainable health care system. Earlier tonight the shadow minister for health claimed that the Treasurer had undermined the independ-
ence of the Pharmaceutical Benefits Advisory Committee by stating the obvious that, without this increase, the government would find it more difficult to afford the latest medicines. I should remind the House and those present that in 1994 the then Labor government rejected the Pharmaceutical Benefits Advisory Committee’s recommendations to list nicotine patches. This is typical, I believe, of the selective memory of the Labor Party when it comes to the PBS.

The simple reality is there is not an infinite health budget in Australia. The health budget is obviously limited and finite. There is a limit to what we can spend on medicines and the obligation is on all of us to make the Pharmaceutical Benefits Scheme sustainable. If we do not do this as part of our broader strategy of providing for the future for an ageing population then our ability to afford the latest medicines, the bio-pharmaceuticals of the future which we all hear about, will be greatly diminished. For those reasons the government are committed to this measure. We believe it is a sustainable measure for the PBS. We believe it is entirely equitable and entirely justifiable, and it is one to which we are committed.

The DEPUTY SPEAKER (Mr Barresi)—The original question was that this bill be now read a second time. To this the honourable member for Perth has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The question now is that the words proposed to be omitted stand part of the question.

Question put:
That the words proposed to be omitted (Mr Stephen Smith’s amendment) stand part of the question.

The House divided. [10.03 p.m.]
(The Deputy Speaker—Mr Barresi)

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AYES
Tuesday, 18 June 2002

McLeay, L.B. Melham, D. Secker, P.D. Slipper, P.N.
Mossfield, F.W. Murphy, J. P. Smith, A.D.H. Somlyay, A.M.
O’Byrne, M.A. O’Connor, G.M. Southcott, A.J. Stone, S.N.
O’Connor, B.P. Plibersek, T. Thompson, C.P. Ticehurst, K.V.
Price, L.R.S. Quick, H.V. * Tollner, D.W. Truss, W.E.
Ripoll, B.F. Roxon, N.L. Tuckey, C.W. Vaile, M.A.J.
Rudd, K.M. Sciaccia, C.A. Vale, D.S. Wakelin, B.H.
Sercombe, R.C.G. Sidebottom, P.S. Washer, M.J. Williams, D.R.
Smith, S.F. Snowdon, W.E. Windsor, A.H.C. Worth, P.M.
Swan, W.M. Tanner, L. * denotes teller
Thomson, K.J. Vamvakinou, M. 
Wilkie, K. Zahra, C.J.

Question agreed to.

Original question put:
That this bill be now read a second time.

The House divided. [10.11 p.m.]

(The Deputy Speaker—Mr Barresi)

Ayes..........  78
Noes..........  60
Majority.......  18

AYES
Abbott, A.J. Anderson, J.D. Lawrence, C.M.
Andrews, K.J. Anthony, L.J. Macklin, J.L.
Bailey, F.E. Baird, B.G. McCombe, N.R.
Baldwin, R.C. Bartlett, K.J. Mclean, L.B.
Billson, B.F. Bishop, B.K. Mossfield, F.W.
Bishop, J.I. Brough, M.T. O’Byrne, M.A.
Cadman, A.G. Cameron, R.A. O’Connor, B.P.
Causley, I.R. Charles, R.E. Price, L.R.S.
Ciobo, S.M. Cobb, J.K. Ripoll, B.F.
Costello, P.H. Downer, A.J.G. Rudd, K.M.
Draper, P. Dutton, P.C. Sercombe, R.C.G.
Elsion, K.S. Entsch, W.G. Smith, S.F.
Farmer, P.F. Forrest, J.A. * Swan, W.M.
Gallus, C.A. Gash, J. Thomson, K.J.
Georgiou, P. Haase, B.W. Wilkie, K.
Hardgrave, G.D. Hartshuyser, L. * denotes teller
Hawker, D.P.M. Hockey, J.B. Question agreed to.
Hull, K.E. Hunt, G.A. Bill read a second time.
Johnson, M.A. Jull, D.F. Third Reading
Kelly, D.M. Kemp, D.A. Mr ANDREWS (Menzies—Minister for
King, P.E. Ley, S.P. Ageing) (10.13 p.m.)—by leave—I move:
Lindsay, P.J. Lloyd, J.E. That this bill be now read a third time.
Macfarlane, I.E. May, M.A. Question put.
Moylan, J. E. Nairn, G. R. (The Deputy Speaker—Mr Barresi)
Nelson, B.J. Neville, P.C. Panopoulos, S. Pearce, C.J.
Prosser, G.D. Pyne, C. Prosser, G.D.
Randall, D.J. Ruddock, P.M. Secker, P.D.
Schultz, A. Scott, B.C.

Original question put:
That this bill be now read a second time.

The House divided. [10.11 p.m.]

(The Deputy Speaker—Mr Barresi)
Second Reading

Bill read a third time.

TAXATION LAWS AMENDMENT BILL (No. 4) 2002

Debate resumed from 30 May, on motion by Mr Slipper:

That this bill be now read a second time.

Mr LATHAM (Werriwa) (10.16 p.m.)—The Taxation Laws Amendment Bill (No. 4) 2002 contains four significant provisions: schedule 1 seeks to tighten some provisions concerning so-called ‘thin capitalisation’ to prevent revenue loss; schedule 2 offers tax concessions to trusts restructuring into companies; schedule 3 would give temporary residents of Australia a tax exemption for income sourced outside the country; and schedule 4 is designed to legislate for caps on the effective life of certain assets—that is, to provide a type of accelerated depreciation in the form of legislative caps on assets used in gas transmission and distribution, oil and gas production, and for aeroplanes and helicopters.

The thin capitalisation provisions are not controversial. Thin capitalisation rules limit the proportion of total capital that foreign owned or internationally operating Austra-
lian companies can carry as tax advantaged
debt funding. The rules limit opportunities to
base such debt funding in Australian based
companies in order to limit opportunities to
minimise tax. The amendments in this bill
include a tightening of the treatment of interest-
free loans as equity and a redefinition of
the exemption for Australian companies with
small overseas operations. The changes pro-
tect existing revenue, preventing losses of
$50 million in 2002-03 and $30 million in
2003-04 and subsequent years. As a result,
Labor supports this particular measure.

The trust to company rollover provisions
legislate to provide capital gains tax rollover
relief for trusts to become companies while
retaining the same beneficial ownership
structure. The proposal is costed at zero on
the basis that the provision is already con-
tained in the forward estimates. We have
already asked the ATO and Treasury to pro-
vide a nominal costing of the value of the tax
relief and Labor will be pursuing this ques-
tion further. Of course, there is something
farcical about the introduction of these pro-
vision right now. The logic of the changes is
that, as the government moves to harmonise
taxation of trusts and companies, the transi-
tion from trust to company status should be
tax neutral. It is just that the Treasurer did
not have the bottle to go ahead with changes
to the taxation of trusts, which had bipartisan
support in this parliament.

It needs to be noted by the parliament that
there was a time when there was bipartisan
support to move forward on the taxation of
trusts and that, in effect, the Treasurer broke
the deal that had been entered into with the
opposition at the time of business tax reform.
As a result, we now find ourselves voting for
what are effectively transitional measures—
to ease the transition to a reform that may never happen. In fact, if one takes
the broken word of the Treasurer, it is likely
to never happen on that side of the parlia-
ment. Nonetheless, even if the government
and the Treasurer have not acted in good
faith, taxpayers who acted on the basis of the
Treasurer’s statement of October last year
have actually done the right thing. The
changes reflect those announced by the
Treasurer on 5 October 2001. Noting that we
await full information on the nominal cost,
the changes are sensible ones which the op-
position supports. It is just a shame that the
changes are made necessary by the Treas-
urer’s breach of faith.

The proposal to give temporary residents
of Australia a tax exemption on foreign sour-
ced income is extraordinary and not one that
the Labor Party can support. If this becomes
law it would mean that temporary residents
in Australia pay no Australian tax on most
foreign sourced income and capital gains,
and their banks would be exempt from pay-
ing withholding tax on residents’ interest
payments on overseas borrowings. The cost
of this tax cut would be $200 million over
four years. This is a $200 million tax cut for
corporate high flyers—‘key personnel’ as the
parliamentary secretary puts it. According to
the government, this is needed so that busi-
ness can attract key personnel.

The opposition has sought answers to two
simple questions: first, which sectors are
finding it difficult to attract key personnel
and, second, which of our international com-
petitors has an exemption for foreign source
income? To date, unhappily, there have been
no answers. The government cannot even
explain what problem this $200 million
measure is supposed to solve—much less
whether this money would solve the prob-
lem. Even by the government’s measure,
there is no good reason to believe this money
would make any contribution to the public
good. Of course, the opposition is also con-
cerned about the distributional effects of this
tax cut. The government evidently has not
even thought about whether the people who
would get this tax cut really need it; it has
not even entered their consideration. But on
this side of the parliament, we think it is im-
portant to ask where the money is going and
to ask some basic questions in the good in-
terests of public finance and public concern.
When this measure comes before the Senate
we will be asking the Treasury and the Aus-
tralian Taxation Office to tell us what the
average person who would benefit from this
tax cut actually earns.

This government has a dismal record on
regressive taxation measures. There is the so-
called baby bonus, where the more you earn,
the more you get from the government. Then there are the superannuation surcharge changes worth $370 million, where the government is cutting tax for the top three percent of employed Australians. Now it turns out the government is not content with cutting tax for rich Australians; it is actually cutting tax for rich foreigners. This is the ultimate in elitist policy—-a $200 million tax break for transnational elites. It is not even what you would classify as a middle-class tax cut; it is a massive tax break for transnational elites. Labor will be opposing amendments in the Senate to remove this regressive tax cut.

We need to examine the sort of transnational elites who will benefit from the government’s measure. One of them is Malcolm Turnbull. We saw some evidence of this in the Australian just last Monday, in the column by Glenn Milne. Mr Turnbull, as a transnational elite, is the sort of person who regrets that he was not born on the east coast of the United States, shoehorned into fund-raising for the Republican Party and then drafted as an under assistant secretary to the Treasurer. This is the sort of fantasy world in which Mr Turnbull lives. It is the sort of fantasy that was played out in the Milne article on Monday: three great delusions under which the transnational elite Mr Turnbull operates. The first delusion is that he thinks it is influential to be rubbing shoulders with Condoleezza Rice engaged in a conversation with a Russian IDU delegate—even though Mr Turnbull did not even know that they were speaking in Russian. There he is, engaged in a conversation that he could not understand. He did not know the language in which the conversation was being conducted, but he thinks that is being a big shot. In fact that is being what I call a transnational elite: someone who is out of his depth and who just lives this tourist’s view of the world as a way of engaging in some form of politics.

The second great delusion outlined in this article is the idea that bumping into a deputy secretary of the US treasury—perhaps while Mr Dam was out walking his dog—is another form of geopolitical influence. In fact it is another form of delusion on the part of Mr Turnbull. The final delusion is his idea to establish a permanent Australian economic and political think tank outside the Australian Embassy which would lobby administrations. Why have an Australian Embassy in Washington if we also need an economic and political think tank to lobby the American government? This is just a massive waste of public money. It is duplication of public resources and it is also a slur on the foreign service, on the diplomats of this nation who do their best at our American post in Washington.

These are the delusions of Mr Turnbull. It is not influence; it is a state of delusion. It is a problem that one of these transnational elites lives out in his own little fantasy world. This is the sort of person the Liberal tax policy is all about. This is the sort of person that this $200 million tax cut is directed towards: the Walter Mitty types, the born to rule, rich elites of Tory Australia. All I can conclude in relation to Mr Turnbull is that it is no wonder we lost the republic referendum. We should not have relied on the views of a delusional transnational elite. We should not have relied on the perspective of this Liberal Party treasurer, someone who wishes he was actually born on the east coast of the United States and was operating out of the Republican Party. We should not have relied on those particular views to lead the charge towards an Australian republic.

Schedule 4 of the bill provides for legislative caps on the effective life of assets used for gas transmission and distribution, oil and gas production companies and companies operating aeroplanes and helicopters. As part of business tax reform, the old system of sector specific accelerated depreciation provisions, and some other sectoral subsidies, was replaced by a lower corporate tax rate across the board. The period over which tax deductions could be claimed for the depreciation of income-producing assets was to be decided on their real working life. It was clearly understood during the process of business tax reform that the underlying depreciation schedules then in place were to be reviewed by the Commissioner of Taxation on an ‘effective life’ basis. As the Ralph report stated:
The accelerated depreciation/company tax rate reduction trade-off is the key issue.
Labor supported this sound reform. We believe as a basic economic proposition that investment should be driven by economic return, not by taxation advantage. Now the Commissioner of Taxation is due to issue the new determinations on the effective life of a number of asset types including aeroplanes, helicopters, gas transmission and distribution assets and oil and gas production assets including offshore oil and gas platforms. The provisions in the bill would legislate a statutory cap on the effective life of these assets—in other words, it would legislate a form of accelerated depreciation—at a significant cost of $1.9 billion over the next 10 years. In principle, Labor does not oppose a legislative override of the commissioner’s ruling on effective life. That is the principle by which we are guided. However, we have a note of caution: the parliament needs to assess this significant expenditure proposal carefully. We need to give it full and thorough assessment, particularly against other spending priorities. There are reasonable arguments on both sides of this debate, but the most important thing is that we need more information, especially on the cost to revenue of the particular caps that are proposed under the provisions.

Labor acknowledges that the oil and gas sectors need to be internationally competitive if they are to make a strong contribution to Australia’s national development. We want to support these sectors, but we also want to support prudent budget management. We want to support an element of caution and prudence in these bills. I see the member for Solomon muttering away opposite: he would not know any of the provisions. Mr Tollner is muttering away: maybe he can provide the House with the information that has not been provided by the government itself. While the explanatory memorandum provides a detailed listing of the proposed new caps for each asset type, the financial impact statement only gives a total figure. It only gives a gross figure of $315 million for the four years 2002-03 to 2005-06 and a figure of $1.9 billion for the 10 years 2002-03 to 2011-12. Maybe the member opposite has more detailed information that he is going to provide to the House because, quite frankly, you would not be proceeding on the basis of the information that has been provided so far.

It is not sufficient for the House to have confidence in these measures until we get a breakdown of the financial impact sector by sector. All we have is a gross figure. All we have is a bottom line, aggregated figure and we obviously as a parliament need more information with which we can move forward with confidence on these measures. In order to make the judgment about the detail of these caps, the parliament needs to seek a breakdown of the cost for each of the specific caps that are proposed. We also need to see the cost of alternative caps that are being considered. It would also make sense to know what the commissioner’s decision actually is before the parliament overrides him. I am particularly interested to know the source of the figures for the ‘ATO’s proposed new effective new life or range (years)’ contained in the explanatory memorandum to the bill as part of table 4.2 on page 79. As far as we are aware, these figures have not been made public. We would like to know where they have come from. We would like to know the detailed breakdown. We would like to know much more information than the government has so far provided to the House.

Debate interrupted.

ADJOURNMENT

The SPEAKER—Order! It being 10.30 p.m., I propose the question:

That the House do now adjourn.

Budget 2002-03

Mr ALBANESE (Grayndler) (10.30 p.m.)—This is a government characterised by being strong against the weak but weak against the strong. The budget reinforces the mean-spirited nature of the Howard government. Anyone with a commitment to social justice has been drummed out of the government. It is a Liberal Party in name only. It is not even a conservative party: it has undermined institutions such as the High Court and it has trashed the independence of the Public Service. Even the Department of Defence has been undermined by the duplici-
tous performance of the government in the disgraceful ‘children overboard’ affair. Quite literally the Liberal Party should change its name to the ‘Australian Reactionary Party’ because it is dominated by extreme right-wing thought.

The budget demonstrated another example of that, with cuts to the Pharmaceutical Benefits Scheme and the disability support pension. All this was justified by the Intergenerational Report. The argument goes that, because of Australia’s ageing population, we need to make cuts. But the ideological nature of it is exposed by the government’s own views. The Liberal Party has a newsletter called Communique, which is the newsletter for the Brighton branch of the Liberal Party. At the AGM of the Goldstein Electorate Council, the federal Minister for Ageing, Kevin Andrews, was the guest speaker. It is interesting to look at the report of the Goldstein Electorate Council AGM. He said that, because of the ageing of the population, we needed to take action. I quote:

The average Australian taxpayer is already paying around 70 per cent of their income—directly and indirectly—in taxation to finance handouts to all and sundry.

He went on to say that the government must continue to cut back welfare. He also said that foreign aid is another area where the government must cut its spending. I will quote two examples used amongst many:

We will give $56 million to China this year and $20.5 million to India. Both these countries are wealthy, heavily industrialised and nuclear powers.

The article argues for a complete abolition of foreign aid. In the area of Defence there is an interesting observation, which said:

It is interesting to hear that Australian soldiers are fighting in Afghanistan without sufficient ammunition, which also limits the effectiveness of training our Army back in Australia.

The author of this Communique went on to argue that Minister Andrews is correct. He went on to add some of his own flavour on behalf of the Goldstein Electorate Council. He said:

There is no doubt in my mind that monetary grants to Aboriginals should be cut dramatically and only areas of specific need should be financed by the taxpayer. All funding to the irresponsible ATSIC should cease immediately.

That is what this government are about: attacking the most vulnerable. When they get in their own forums—when the Libs are all sitting around talking about what a terrific government they are—they take pride in attacking the vulnerable. The parliamentary secretary opposite is shocked by this. I will seek leave to table this Liberal Party document—it is not an ALP document; it is on letterhead of the Liberal Party—and we will see what the parliamentary secretary’s attitude is.

The IGR has been used as an excuse by the government to pursue its ideological position. It is a cynical political exercise by a Treasurer more intent on generational change in the Liberal leadership than on meeting the challenges of serious economic management over future decades. There is nothing new in it—there are no startling revelations that other research has not already revealed. In it there are cuts to aged care of $152.1 million from last year’s budget and $174 million from next year’s aged care budget. It says in Budget Paper No. 1 that there is a fall in estimated demand for residential aged care services. What a farce! On the one hand, they have to attack the vulnerable because of the ageing of the population; on the other hand, they are reducing the aged care budget. This is at a time when the government has been forced to back down from its changes to the PBS. The government has also been forced on the defensive over the changes to the disability support pension. The priority of this government is to attack the weak, and it is exposed by this document.

The SPEAKER—Order! The honourable member for Grayndler’s time has expired.

Mr Albanese—I seek leave to table this document.

Leave not granted.

Falken Tyres Rally Queensland

Mr CAMERON THOMPSON (Blair) (10.35 p.m.)—I rise tonight to congratulate the organisers of the Falken Tyres Rally Queensland, which was conducted at the weekend at Caloundra. Errol Bailey and
Craig Porter are two at the core of the Falcon Tyres Rally Queensland organising committee, with Errol Bailey being the Clerk of Course. This is an event that has taken car rallying in Queensland to a new high.

A huge crowd turned out on the Friday night for the start of Rally Queensland 2002. I was impressed by the size of the crowd that showed up in 2001, but this year it was amazing. There must have been 3,000 or 4,000 people who hung around at the Kings Beach start point to watch the 54 competing cars plus the historics move away from the starting position on the Friday night. The organising committee did an excellent job, because the event moved very smoothly. On Saturday and Sunday it attracted huge crowds in the forests around Imbil, and it showed how professionally a rally can be organised.

I would like to take some time to point out the contribution to that process by an organisation known as WICEN, which stands for the Wireless Institute Civil Emergency Network. The Wireless Institute Civil Emergency Network is a group of volunteers that are on hand to coordinate radio activities should an emergency arise. Every year they use Rally Queensland as an exercise to show what they are capable of. It was really amazing to see the performance they put in over that weekend.

By using radio repeaters the Wireless Institute Civil Emergency Network was able to connect each one of the emergency points and the control points in this massive rally area, to link them all by radio and to have results from cars appear on the computer at rally headquarters within seconds of every car completing a stage. It showed just how capable they are. It showed that they were able to overcome the incredible difficulties of the high terrain—which, I can tell you, baffles a mobile phone completely and certainly baffles any kind of UHF radio—and, by using repeaters, they were able to get that information back. They were able to provide drivers with up-to-date results the moment they arrived back at the rally marshalling point at Imbil. Drivers were able to receive the very latest information and it was accurate and very timely.

I understand that the event was won on both days by Possum Bourne and Mark Stacey of the Subaru team. It was quite spectacular on day one when the Mitsubishi rally team, with driver, Ed Ordynski, and navigator, Iain Stewart, came in within three seconds of them—that was a very close call. On day two, unfortunately, Ordynski and Stewart had a big crash and were out of the running. It was, nevertheless, quite a spectacular event.

As one of the crew members in car 37, I can honestly say that I enjoyed my competition. It was a fantastic event. My driver and I were successful in taking out formula two of heat 2 in the competition. We certainly pay credit to all those hundreds of volunteers who manned roadblocks and checkpoints and who undertook every conceivable role in the management of this huge undertaking. When you can see the enjoyment that volunteers can provide and the incredible input that is provided in the community—the millions of dollars going into the Caloundra area through that car rally every year—I can see that it is only going to get bigger and better. More power to them. Congratulations to the organising team behind the Falken Tyres Rally Queensland 2002. We look forward to much of the same again next year.

Brisbane Airport: Parallel Runway Construction

Mr RUDD (Griffith) (10.40 p.m.)—On many occasions before in this parliament I have raised with honourable members the situation in Brisbane as it relates to the plans by the Brisbane Airport Corporation, approved by the Howard government, to construct a new parallel runway as part of the Brisbane Airport Corporation master plan for the future expansion of the airport. If it is constructed, the parallel runway will result in a large number of additional overflights over the southern suburbs and other inner suburbs of Brisbane. At present, there are some 162,000 flights over Brisbane each year of all categories of aircraft. By the time this parallel runway is constructed that number is likely to rise to more than 300,000 flights over the suburbs each year. By that stage, Brisbane Airport would probably be of
similar proportions to those of Sydney airport today.

The impact on people’s households differs depending on where they live within the prospective flight paths of the new runway and how the flight paths of the existing runway would be reconfigured as a result of its construction. But at a very simple level it will mean that property values in those inner suburbs of Brisbane run a severe risk of being affected. People’s quality of life, particularly those who are used to residing in traditional Queensland homes—weatherboard, timber and tongue and groove with tin roofs—will find their amenity significantly affected by the increased number of flights overhead. The third and continuing concern—which all of us who represent inner city constituencies have—is the whole question of airport safety and security, and the proximity of residential areas to present runways and to those proposed to be constructed.

The House will be aware that over the last couple of years I took this matter through the Administrative Appeals Tribunal seeking to have reviewed formally the decision of the Minister for Transport and Regional Services, Mr Anderson, to approve the Brisbane Airport Corporation master plan back in 1999. That case went through four iterations—firstly to the AAT, secondly to the Federal Court, then back to the AAT and on to the Federal Court again. I won the first three of those cases and lost the fourth. The Brisbane Airport Corporation have sought to recover their costs from me for that last stage of the court case, although we are waiting to hear from them on the details.

One of the reasons cited by the judge in the decision on the Brisbane Airport Corporation court case was the precedent that had been established by the Allan case, considered by the full bench of the High Court recently, which was a proposal by a resident in Melbourne seeking to stop the construction of the CityLink freeway. Mr Allan lost his case, in part because the High Court in its full bench found that he had no standing to argue his case. It appears that this new precedent of standing is now being applied more broadly to other applicants seeking relief from executive decision making through the various processes of administrative law, including the AAT.

In my communications with my local community I have outlined the future courses of action that we, as the residents of Brisbane’s south side, may now contemplate. One course relates to the remaining approval processes alive under the Airports Act before the new runway is actually built in Brisbane. That will still take some time. The second course relates to possible reforms to the Administrative Appeals Tribunal Act to restore properly the intention of the parliament as originally expressed in the AAT Act 1975 regarding the rights of individual citizens to obtain proper legal redress from administrative decisions which affect them—in other words, to reopen the notion of standing in a manner which provides individual citizens with a right of access to the courts.

The third course of action relates to how we now go about developing a proper and comprehensive aircraft noise management plan for Brisbane Airport. On that, the Brisbane Airport Corporation has announced that it is proceeding in that direction itself. I welcome that, except that the BAC has not seen fit to consult me, as the relevant local member. In fact, the Brisbane Airport Corporation has unilaterally abolished the previous community consultative committee, the Brisbane Airport Environment Committee, which contained community representatives from all three levels of government—federal, state and local. Instead it has been replaced by another committee which, with the exception of one person—Ms Jackie Cann, the head of the community organisation BARB, Ban Aircraft Over Residential Brisbane—has not been selected from the local community. The challenge we face as a local community in developing this aircraft noise management plan is to ensure that we get a decent representative body that is reflective of community sentiment and not the jackboot approach which has been adopted. (Time expired)

National Deaf-Blindness Awareness Week

Mr KING (Wentworth) (10.45 p.m.)—Next week is National Deaf-Blindness Awareness Week. In order to mark that important event in our national calendar, I wish to speak about a young lady who resides in my
electorate and who sets a remarkable example, not only for those who are blind but also for those who do not have that significant impairment. Many of us in this parliament are fortunate to have the support of volunteers who give their time to make us more effective in fulfilling our responsibilities to the Australian community. Like many volunteers, Skye Banning helps me in my electorate office because she wants to be part of our democratic processes and to help make an impact. But in this case that impact is greater than usual. As someone with a severe visual impairment—in fact, she is almost completely blind—Skye serves as a daily reminder to me of the many things that those of us with good vision take for granted. She has made me aware, in a way that I would never have been before, of the needs of those who are blind or suffer other disabilities and, perhaps most importantly, of the impact our decisions can have on the lives of those who are easily marginalised.

Those with visual impairments are often the most vulnerable in our community, because of society’s lack of understanding about the needs of people like Skye and also, I very much regret to say, because of their vulnerability to those in our community that would take ruthless advantage of those less able to defend themselves. Words could not adequately express my anger when, a few weeks ago, Skye was mugged in a Bondi street. What is shocking is that this was not a one-off incident. Skye has been mugged or attacked at least a half a dozen times over recent years. With a guide dog as her companion, she is easy to identify as someone who has a visual impairment. The fact that there are people who perpetrate violent crimes in our society is a cause for concern, but there is something even more disturbing and reprehensible about those who would attack a person with a visual impairment, who they know cannot run, fight or even identify the culprit.

As the determined person she is, Skye will not let such bastards get her down—not too much at any rate—but it reinforces the responsibility that the community has to ensure that we understand the types of pressures that the blind and those with other disabilities face. As the television advertisements currently showing highlight, we have to make sure that we can remember that attached to those beautiful labrador guide dogs is a person who deserves our respect. Similarly, innocent mistakes we all have made can cause distress to people with visual impairments. Grabbing a person’s arm to help them across the street sometimes seems kind, but a blind person is likely to think that they are about to be attacked. Instead, we have to learn that offering our arm is a better way to assist. Similarly, I often wonder why so many people feel it necessary to speak loudly and slowly to a person who cannot see. The Royal Blind Society and the Guide Dog Association produce brochures which outline, through quite simple steps, how we can better help those with visual impairments. I encourage other members to set an example and obtain copies for themselves and their constituents.

I want to conclude by reading a poem written by Skye Banning, which tells us something about her world and those involved in National Deaf-Blindness Awareness Week. Her poem reads:

Blindness has taken from me my sight
but given me my voice.
It fills me with terror
yet gives me the courage to cope.
It has caused friends to falter and disappear,
Yet put me in the company of angels.
A ‘disability’ they say,
but it has given me the power,
the will, to find life worth living
despite the challenges imposed.

Health: Pharmaceutical Benefits Scheme

Mr Griffin (Bruce) (10.49 p.m.)—I rise tonight to comment briefly on the proposed actions of this government with respect to the Pharmaceutical Benefits Scheme. The particular initiative that the government is proposing is quite unprecedented with respect to pharmaceutical policy for this country. The point I make here, and I make it strongly, is that rather than having an independent process—which both sides of politics have supported for many years now, even when at times people have expressed
concerns about some of the decisions that have come through that process—which is based on expert advice, sound medical advice, research and best health outcomes, we have instead had an arbitrary situation in which the government is just saying, ‘Wham bam, we’re going to cut.’

When we look at the comments that the Treasurer has made in the last several days with respect to this issue, we see a quite outrageous example of a government out of control when it comes to trying to deliver proper health outcomes for the Australian people. He has effectively said, ‘Well, if the Senate should interfere with this process, if the Senate should in fact knock back this cut, the end result will be medicines which are required, which are essential, which have been developed and produced throughout the world, not being available to Australian consumers.’ That is a very sad day in the health system of this country. Yes, there are issues around the question of the overall cost of the health system in this country, and there is no doubt that that will increase over time because of the fact that we are getting better health outcomes, but to have it being treated as a budget issue and not a health issue is particularly worrying. It is not only worrying with respect to the budget for pharmaceuticals; it is also a worry in terms of the budget for aged care, in terms of the budget for hospitals and in terms of the budget for other health related initiatives.

The fact of the matter—and there are studies that have produced evidence which suggests this—is that for every $1 spent on pharmaceuticals some $3 to $4 can be saved over time in other health areas. We are seeing a real example of robbing Peter to pay Paul or, in this case, Peter robbing to pay the budget deficit that this government has produced through the various actions it has taken over the last 12 months. It is something that has been of great concern to the community. There have been public surveys of consumer sentiment on this issue which have shown that a majority of people firmly disagree with this particular initiative. Not only that, these surveys have shown that as many as 20 per cent of people—one in five—may well think again with respect to getting medicines which are essential for their own wellbeing. That is a particularly dangerous health outcome for the Australian community. Recently Catholic Health Australia has said:

The government’s planned Budget cuts to the Pharmaceutical Benefits Scheme were crude and unworkable ...

… … …

“The savings, we believe, are over-estimated and the benefits to the community, as far as health is concerned, are not finely tuned.”

A community debate was better than ramming something through the parliament ...

I think that is exactly what we need here: some debate. Rather than having the Treasurer setting himself up to be Prime Minister sometime later in this term and trying to repair a budget bottom line that has been interfered with by a range of political initiatives from this government, we need some decisions taken for the healthy future of the Australian people—something which this government does not seem to really care about.

Casey Electorate: Assistance to East Timor

Mr ANTHONY SMITH (Casey) (10.53 p.m.)—Early on the morning of Saturday, 8 June, I had the pleasure of attending an important community event in the Wandin township, organised by the local Wandin Rotary Club. The event was to farewell a fire truck which was leaving on a journey to Darwin and then to East Timor, where it will be used to deliver fresh water as well as helping fight the occasional fire. After a welcome sausage sizzle, which was a real hit on such a cold morning, the local community farewelled a group of locals who set out along the Warburton Highway on a 4,000-plus kilometre journey to Darwin. A support vehicle accompanied the truck as it travelled through Bendigo, Robinval, Port Augusta, Coober Pedy, Alice Springs, Tennant Creek and Katherine. Along the way, they were the guests of various Rotary groups and collected a number of additional donations.

The truck was originally built in 1974 and required time-consuming restoration from a large group of volunteers to prepare it for use
again. The restored truck now has a fully operational 2,500 litre tank with a motorised pump. The Shire of Macedon Ranges donated the vehicle and the volunteers of the Fire Services Museum of Victoria put in a huge effort to get it operational and ready for work again, and many businesses donated goods and services including engine repairs, new tyres, a new ladder and fuel. Other Rotary clubs have also been involved, including Healesville, Lilydale, Chirnside Park, Montboulk, Yarra Junction, Warrandyte and Doncaster. Together they have planned and prepared for this trip for a long period of time.

Wandin itself raised $6,500 towards the project, and the team now in East Timor completed training to qualify them to build water tanks. Before leaving East Timor, they will train local Timorese in the use of the truck and its equipment. As members are aware, in 1999 the withdrawing Indonesian forces left a trail of devastation across towns and villages in East Timor. In all, around 85,000 buildings were wrecked and burnt, and there was significant damage to basic community infrastructure, particularly to fresh water supply. Whilst INTERFET, the United Nations-backed and Australian-led multinational force, was slowly restoring law and order and basic services, the need for building repairs, the provision of fresh and clean drinking water and other basic services was, of course, just as paramount.

All those associated with the close-knit Wandin Rotary Club are to be congratulated for their work. Particularly, I would like to mention the president, Kevin Parker, and the team—Richard Scott, Norm McDonald, Keith Corbett, Cliff Riseborough and Garry Byrne—who travelled north. Cliff, Keith and Garry are now in East Timor and will soon get to Baucau, 120 kilometres from Dili. These volunteers are to be commended for their wonderful contribution and community spirit. They have devoted a great deal of time not just to planning and preparation of the project but, just as importantly, to the trip itself. The time involved is all theirs—they are retirees, small businessmen and community workers who have decided to use their time and energy to make a contribution to a new nation whose people have undergone a great deal of turmoil in recent times. Wandin Rotary Club, along with others, have already sourced a second vehicle and are ready to repeat their effort as soon as they return.

It is this community involvement and practical assistance that will be so welcome to the people of East Timor. The support from communities in Australia will show them that they have the support of not just the government but the people here on the ground in the Australian community, who wish them well and hope to see them prosper into the future.

Question agreed to.

House adjourned at 10.58 p.m.
The DEPUTY SPEAKER (Mr Jenkins) took the chair at 4.00 p.m.

APPROPRIATION BILL (No. 1) 2002-03

Second Reading

Debate resumed from 17 June, on motion by Mr Costello:

That this bill be now read a second time.

upon which Ms Macklin moved by way of amendment:

That all words after “That” be omitted with a view to substituting the following words:

“whilst not declining to give the bill a second reading, the House condemns the Government for:

(1) Its failure to deliver a budget surplus in 2001-02 after a decade of growth;
(2) Its failure to deliver a budget surplus in 2002-03 without breaking previous commitments on defence, roads and working credits;
(3) Imposing the cost of a pre-election spending spree on families via higher interest rates and cuts in health and welfare spending;
(4) Falsely claiming that cuts to health and welfare payments are needed to fund the war against terrorism and border protection;
(5) Wasting $5 billion of taxpayers money by gambling in foreign currency markets through cross currency derivatives;
(6) Wasting almost $3.5 billion by failing to manage currency risk on defence spending despite warnings from the Auditor-General;
(7) Wasting $31 million on maintenance services for 40 year old helicopters that are years overdue despite a $800m downpayment;
(8) Its failure to recognise the GST as a Commonwealth tax and this Government as the highest taxing of all time;
(9) Its failure to consider the fairer options put forward by the opposition to offset the harsh measures it intends to impose on families, the sick and disabled;
(10) The failure of its Intergenerational Report to recognise that investment in education, research and development is critical to our future prosperity and our capacity to generate the revenue and wealth required to support an ageing population.

Ms ROXON (Gellibrand) (4.00 p.m.)—I rise to speak to Appropriation Bill (No. 1) 2002-03. This is the first budget that has been released in Australia since a federal Minister for Children and Youth Affairs was appointed. However, it is disappointing that this minister obviously believes that, as the Minister for Children and Youth Affairs, he should be seen but not heard. Even Minister Vanstone’s own women’s statement is completely silent about the issue of child care, amongst many other issues. It is clear from the budget papers and from the speeches that this government is lacking in vision, planning and commitment when it comes to Australia’s children and its young people.

It is very serious that for Australian children this budget offers nothing to address many of the very serious problems, particularly in the child-care sector. It offers no new places to ease the crisis in family day care and outside school hours care. It offers no new investment in early childhood development and no initiatives to solve the staffing crisis in child care, par-
particularly the appallingly low rates and the conditions for workers in the child-care sector. It offers no response to the government’s own child-care advisory committee report, which is crying out for a long-term plan in the child-care sector. It offers no initiatives in children’s health, wellbeing or protection, and it offers no response to the Youth Pathways report, which the government promised during the election campaign last year it would respond to comprehensively in this budget.

There are a great many areas of need that are not being met by this government in the budget, but I am going to focus my attention on the issues in my portfolio, particularly in the area of children. I would like to talk a little bit about the types of problems that are occurring in the sector, given that the government has not introduced any initiatives to respond to these problems in the budget. We are getting anecdotes from all over the place—from local members, from parents, from councils, from service providers—about the range of problems. One of the greatest problems at the moment is the chronic shortage of family day care places and outside school hours care places that are allocated by this government. Mr Deputy Speaker Jenkins, I am sure that you and others in this chamber would be aware that the government does control the number of places and therefore the number of children that are able to be placed in care in both of those sectors. It does not control the number of child-care places in long day care centres, and the numbers in family day care are dramatically increasing, partly because many of the centres themselves are full and partly because it is a popular option for many parents. The government also controls the number of places in outside school hours care, and we are now seeing real problems arising because those numbers have not been set at an adequate level.

In last year’s budget, 5,500 new places were allocated, and there were already severe shortages at that time. That has really been a drop in the ocean. Many people working in the area were hopeful that this budget would actually offer some relief, but they have been bitterly disappointed that there has not been any. The Family Day Care Council and the Victorian Family Day Care Association, with many other organisations across the country, lobbied the government prior to the budget, asking for extra places to be allocated. They provided the minister with evidence that nearly half of all family day care schemes across the country needed between 10 and 200 new places in order to meet demand. Not a single place has been allocated, despite this.

I know that in my electorate of Gellibrand the problem is very severe. I know that it reaches all up the east coast. I know that in the member for Hunter’s electorate and in the seats of Lilley and Ballarat these issues are serious. They are regional issues and a lot of regional areas have particular problems. But also, in a lot of urban areas—and, Mr Deputy Speaker Jenkins, probably like the electorate you are in, particularly those that are fast growing where there are lots of new young families—this has become a serious problem.

For outside school hours care places there are similar problems. I know the member for McMillan has some particular issues in Pakenham and in Officer, I know the member for Burke does. I know the member for Greenway does—again, a spread across the country of problems that the government is refusing to respond to. I am sure that there are just as many examples in seats that are held by the government members but they have not provided those examples to us. We do know that it is an issue that is alive and well in many parts of Western Sydney and something that this government cannot afford to continue to ignore. The New South Wales Network of Community Activities that represent those groups that provide out-
side school hours care have even gone so far as to say that they believe this budget increases the chance of latchkey children—something that obviously none of us want and the government needs to take some steps to deal with.

I do want to make clear that this is not something that is just an issue of supply and demand not being met at this time. The government does control all of the levers. They are the ones that set the number of places. They set up planning advisory committees—although the basis upon which those committees make their decisions is very unclear to us. The minutes have not been made available to us. The recommendations are not available to the public. We have sought them in Senate estimates but we have not yet been provided with any advice about the recommendations that they have made. I think that there is a very real risk that we are creating a new class of parents. I am going to start calling them ‘parents without places’ because these are the parents who have nowhere for their children to go. Many of them choose not to work until their children start school and then, when they start school, are offered employment and find that the hours of their employment cannot match entirely with the schooling hours of their children. In many cases where they have no relatives and other support—even that is not always appropriate—they have no other option but to either refuse work or allow their children to go home on their own. This is obviously not something that, as a society, we should be supporting.

The problem has been exacerbated by the introduction of the child-care benefit. I know the government argues that it has made child care more affordable but it has also put an extra control in the provision of outside school hours care which was not there previously. Even if the Deputy Speaker wanted to turn up and say, ‘I would like my child to stay in outside school hours care for two hours, I am happy to pay full fees,’ the provider would not be able to provide a spot to his child above the cap that the government has set. So it is not a control which is set just to control the amount of money that the government spends, it actually controls the number of children. It means that we are seeing great fluctuations in areas as the population changes and the government does not have a system in place that properly deals with that.

There is also another very serious issue which relates to the Special Needs Subsidy Scheme, which was a problem that occurred before this budget. Actually just weeks before the budget the government wrote to service providers and said that they were not prepared to accept any extra children being put on the scheme. This scheme provides an extra subsidy to child-care providers so that, if they place a child with special needs in their service, they get the assistance for an extra staff member. The government has basically ruled a line underneath that and said, ‘If your child with special needs is not currently in care, or you want to increase the number of hours that child has in care, you will not be able to do so until another child steps off the scheme.’ We knew that this was a very serious step. We know that many of the parents that apply on behalf of their children for the use of this scheme have very serious needs. I have had one example where the child was diabetic and needed her blood tested several times a day by a staff member. There are autistic children, there are children with cerebral palsy, and there are many others with special needs. Quite apart from the children themselves, these parents often have a need for some sort of respite. Often it is a very challenging job for parents caring for their children, and we are now starting to see services telling parents that they cannot take their children with special needs even if they have a place because they will not be able to access the Special Needs Subsidy Scheme.
This is an absolutely outrageous piece of behaviour by the government. We know that it is attacking people on disability pensions and to me this seems yet another step in the same line but with the government directing its attention towards disabled children or children with special or high needs. It is really quite beyond our belief. On top of this, the government has refused to respond in any proper way to the Commonwealth child-care advisory committee’s report which it released last year. This advisory committee was set up by the government to provide expert advice to the government on child care, and it has prepared a very comprehensive report which was released in September last year with a fairly comprehensive road map of the changes and developments that would be required to develop the child-care sector as it moves into this century. Despite the extensive consultations that this committee has done, the government has refused to respond in any way to the recommendations. Expectations were built up that the minister was going to be listening to the concerns of this sector and of parents but we see the budget totally ignoring all of the advice that this committee has put forward. The government is not providing a stable or sustainable future for the sector and it is not addressing the very severe problems, in particular dealing with the issues of the child-care workforce. We really do urge the government to take some immediate action in this area.

I am also concerned that, as part of the budget papers, the government has released an intergenerational report that seems to me to be nothing short of a fraud as it leaves out a plan for a whole generation, our children. It seems to me that it does this just at a time when people are starting to talk more about children and the place of children in the world. We have a lot of talk about the drop in fertility rates. We are talking more about children’s rights and a range of other things, and I think children are starting to be recognised for their value: they are starting to be heard a little bit more. Certainly the need for them to be protected in the face of abuse has been receiving a lot of attention. But the only thing that is really being dealt with in the Intergenerational Report is the fact that we need more children because we need more taxpayers to pay for us in the future. I think this is not a constructive way to treat our current children, not the best way of actually developing them and their value to us and not positive for a government that is supposed to be committed to families and their children.

It is also surprising that the government continues to show that it has not understood or been convinced about the importance of early childhood development and the research which has been undertaken mostly overseas in the last 10 years. There has been an absolutely fundamental shift in the way that researchers understand and talk about what childhood actually means, particularly with the research relating to how children’s brains develop, how they learn and how their interactive facilities develop in the very early years. The critical message that comes from that research is that we must be focusing on providing all children with the best possible start in life by investing properly in those early years, by providing children with proper support, by providing their families with proper support and by making sure that our maternal and child health services and our child-care and preschool services do integrate properly to provide that support to everyone in the community, not just to those who have the most resources.

Australia’s current expenditure on preprimary education and children’s services is less than 0.1 per cent of GDP, which leaves us lagging well behind the OECD average of 0.4 per cent and significantly behind many other Western countries. At the recent United Nations Special Session on Children attended by both the Minister for Children and Youth Affairs and Labor’s Rosemary Crowley, the Secretary-General of the United Nations, Kofi Annan, reiterated the
well-known statistic from American research that ‘for every dollar invested in the development of a child, there is a $7 return to society’. So there is now a whole lot of research and authority to support the sound logic—something that all of those in the child-care sector in particular already intuitively knew without this research—that we must increase our investment in the care of our children. Despite all the logic to do this, why does the government refuse to do so? It is a question that remains unanswered, one that we will be continuing to push the government on, because we believe that this is an area to which its resources should be directed, particularly given its benefits for our young people.

In the short time remaining I want to briefly also touch on the fact that the government has failed to respond to the Youth Pathways report. This was a very detailed report that was prepared for the government to help it deal with some of our most at risk young people, particularly in the way they might fall between the gaps of education, employment and other structural support. The recommendations went to a vast range of issues. The government promised that it would respond to these and it has simply failed to do so.

It seems to me that its failure in both these areas is part of the same thing. It has failed to invest in our young children and in their development that might actually change their future life course and it has failed to invest in the assistance needed to support young people when they might fall off the rails or fall between some of the social supports that exist. It is with great disappointment that I make these comments on the government’s budget, but it seems to me that in the area of children and youth this government has simply gone missing.

Mr SCHULTZ (Hume) (4.16 p.m.)—It gives me great pleasure to talk today on Appropriation Bill (No. 1) 2002-03. The big winners from the 2002-03 budget will be families, older Australians and rural communities. This budget is designed to meet the continuing challenges of today and to set a path that will address the challenges of the future. Aged care, which has been in the media and in the public arena for some time now, will benefit from an extra $100 million in capital grants provided to aged care homes in rural and regional Australia so they can upgrade their facilities and remain viable. That is particularly important for very small rural communities which have aged care facilities and which find it very difficult, because of the sheer size of their population, to raise the funds required to make the necessary changes to reach accreditation and, more importantly, to find the capital to build facilities that are in keeping with the wishes of the government through the accreditation process to have aged care facilities up to standard.

One of the highlights of this latest round of aged care approvals is the targeting of new places for regional, rural and remote communities. Harbison Memorial Retirement Village at Burradoo was the successful recipient of 30 new aged care places under the 2001 approval round. This is the largest approval of aged care places allocated in the Hume electorate since I became the member for Hume, thanks to the generosity of the people of Hume. Phillip R.H. Chalker Sunset Lodge has also been a beneficiary of a substantial contribution from the federal health minister—$800,000 in the way of a capital grant for residential care, which will see 10 new rooms for residents, plus office space and medical treatment rooms constructed in that small community. This significant capital grant for Sunset Lodge at Taralga acknowledges the government’s commitment to frail older people in the Taralga community and to the quality of care administered by Sunset Lodge staff. Rural and regional residents in these communities are well aware that they receive quality and professional care from dedicated
professionals. Sunset Lodge has also benefited with four extra residential care places, which is a very positive outcome for aged care facilities in the electorate which I represent.

Along with this commitment to rural aged care facilities, $47.5 million over four years will go towards training nurses in regional areas. This is made up of $26.3 million to fund up to 250 scholarships for students from regional areas to study nursing and $21.2 million to help personal care staff in smaller homes to access a range of accredited courses related to geriatric care. It was very gratifying from my point of view, and I know also from the point of view of many rural residents, to see that the government has recognised that we do have a very serious problem with regard to trained nurses in rural, remote and regional areas. I was very pleased to see that announcement.

The government has committed $80 million to Australia’s 2.3 million carers, including $30 million to expand Commonwealth funded respite services, particularly in rural and remote areas. There is an additional $843 million for Family and Community Services, with the majority going towards increased funding for disability support services. There will be contributions to continue the level of Commonwealth assistance to support specialist services for people with disabilities. A further contribution to Family and Community Services is an additional $258 million over three years to fund over 73,000 new places in disability employment and other services under the disability support pension reforms.

Funding of nearly $72.7 million over four years will be provided under the Better Treatment for Cancer Patients radiation oncology initiative. The initiative will place an emphasis on cancer patients in regional communities. Funding will increase the availability of radiotherapy services, provide up to six new regional radiotherapy centres and provide support measures that ensure there are sufficient staff to treat patients. I was very pleased to receive a letter last week from the community of Young, which has seen the need for a radiation oncology facility and has become proactive in its endeavours to tap into this very important funding initiative.

Regional Australia will benefit significantly from $55 million over four years towards palliative care. The funding will improve capacity in the primary care workforce; enhance, coordinate and support health and other support systems; develop better reporting and information systems; build evidence on funding and service delivery; improve access to medications; and raise awareness in the wider community of this very important health issue. Once again, health professionals throughout rural and regional Australia are very professional and compassionate when giving assistance to geriatric patients.

Another bonus for older Australians is the commitment of $250 million over four years to fund the Commonwealth’s contribution to enabling state senior cardholders to travel at concessional transport rates when interstate, benefiting about 700,000 state seniors. I know that has been bogged down in discussions between the states for some time, but I am sure that commonsense will prevail and that the states will make their contribution to this worthwhile concessional transport contribution by the Commonwealth.

There is good news for some 4,000 of our veterans. We all know just how much the general community appreciates the significant role played in the past by our veterans and the contribution that they made on behalf of our country, and there is a need for us to ensure that they are looked after. Four thousand of those veterans will become eligible for the gold card following the government’s announcement that it will provide funding of $93.1 million to extend
the repatriation health card for all conditions to Australian veterans aged 70 and over with post-World War II qualifying service. The gold card provides access to free treatment and care within Australia for all health conditions, whether war related or not. It also provides access to pharmaceuticals at concessional rates under the Repatriation Pharmaceutical Benefits Scheme. After taking into account the safety net and the pharmaceutical allowance, the most a veteran will pay for Repatriation Pharmaceutical Benefit Scheme prescriptions in a year will be $88.40.

The federal government will spend $113 million on programs to support regional communities, including regional solutions, rural transaction centres, sustainable regions and regional assistance. I, like many of my colleagues in this place, have seen a significant contribution made in those particular areas, and I would like to talk about a number of communities in the electorate of Hume that have reacted very positively to their grants in those areas.

One community that is set to benefit from the federal government’s commitment to rural communities is the town of Marulan, which will soon have access to online banking and billpay services with the help of the federal government’s rural transaction centres—RTC—program. Several Marulan residents have patiently worked their way through a number of obstacles to obtain this RTC and I compliment them for their commitment to the whole community. In a joint Commonwealth-Australia Post initiative the Marulan community will be able to access a range of services through the local postal outlet: Australia Post’s EPOS facilities including Australia Post’s giroPost online banking service and online billpay services.

The rural transaction centre initiative provides facilities for people living in small towns through which they can access deposit, withdrawal and balance facilities through 70 financial institutions. The federal government is committed to restoring basic transaction services to small communities and the recent extension to the RTC program, providing for the installation of EPOS in many small communities, was a fine demonstration of that. There are now more than 670 rural communities involved with the RTC program following federally funded business planning assistance.

The Sustainable Regions program is another very positive contribution by the government to rural and regional Australians. It is assisting selected regions undergoing major economic social and environmental change. Funding of $36.2 million for 2002-03 will assist these regions to plan for the future, build capacity for strategic and informed decision making at the regional level and contribute to the implementation of projects that can make a real difference to economic opportunity and quality of life.

As an example, the Capital Region agri-tourism program was recently launched in the Hume electorate due to a $61,000 funding grant under the federal government’s Regional Assistance Program. It will identify, develop, package and promote agri-based and tourism experiences throughout the capital region. It will draw together the region’s rich agricultural sector, its natural beauty and its cultural assets to target the emerging experiential tourism market. The launch was undertaken before a group of shire representatives, tourism operators, Landcare groups, wine producers, primary producers and various groups associated with the Capital Region Employment Council and Capital Region Tourism. It was indicative of the cooperative enthusiasm for profiling the significant opportunities for agri-tourism in the region and the positive effect the Regional Assistance Program is having on rural communities that take the federal government up on this initiative.
This project will also enable primary producers to diversify their income base and boost tourism in the region. It will create employment and opportunities for the region's locally owned and operated businesses. The Shires of Gunning, Yass, Crookwell, Harden, Boorowa, Young and Goulburn City Council, which make up a vast proportion of the Hume electorate, will be participants and beneficiaries—through their many agri-tourism businesses—of this exciting agri-tourism network project initiated by Capital Country Tourism. I was delighted to launch this project last Sunday in Gunning in a historical building which is now run as a B&B. I was excited and honoured to launch it because this project, which has long-term economic and job creating benefits for rural and regional communities, is one that we should encourage elsewhere. The enthusiasm shown by tourism, hospitality and agri-tourism businesses to work together in this well researched initiative is to be commended. I compliment not only those individuals who saw the enormous benefits in this project but also the councils that are working to ensure its success.

Today, I am very pleased to announce that I have been advised of a $201,000 contribution to three more exciting projects as a result of the Regional Assistance Program. I thank the government for making that available to communities. They have been proactive in this area, in that they have shown that, if they are given a little seed money, they can get on with improving the economies of their areas, attracting people to them and keeping them viable and alive.

Most welcome recently was the announcement of road funding of $1.7 billion in 2002-03 across all categories of roads, with record sums in New South Wales and Victoria and boosted spending elsewhere, due to the Roads to Recovery program and the black spot road program. Most of the money is allocated to projects in non-urban areas with half the program funds to be reserved for reducing road trauma in rural areas. The federal government is committed to extending the road safety black spot program by providing a further $180 million over four years towards reducing crashes at sites and sections of road with a poor safety history. The national black spot program will now continue until 30 June 2006. The shires that I represent, and the shires that all rural members represent, are very grateful for that particular funding package and they will use it in the best interests of road safety in their shires.

There are an enormous number of benefits that came out of this budget and in closing I want to briefly mention one of them. The Commonwealth government allocated over $14 million per year to fund the Medical Specialist Outreach Assistance Program to help bring specialist services closer to home for those living outside major metropolitan areas. This has been a wonderful initiative because it not only provides funding to specialists to cover some costs in delivering outreach services including travel, accommodation and ongoing communication with local medical practitioners but, more importantly, gives people who are isolated from the specialist services the opportunity to have access to visiting medical practitioners, particularly the specialists. I thank the government for the magnificent contribution it has made and the responsible attitude that it has on behalf of the Australian people to ensure that these programs will continue in an affordable way well into the future.

Mr COX (Kingston) (4.31 p.m.)—I seek leave to incorporate in Hansard two tables, the first prepared from budget papers and midyear reviews showing the net effect of all policy decisions, both outlays and revenue, in each financial year since 1996, and the second showing sales of financial and non-financial assets and debt reduction over the same period.
Leave granted.

The tables read as follows—

### ASSET SALES AS A PROPORTION OF REDUCTION IN COMMONWEALTH NET DEBT 30th June 1996 to 30th June 2003

<table>
<thead>
<tr>
<th>Year</th>
<th>Sale of Non-Financial Assets $m</th>
<th>Sale of Financial Assets $m</th>
<th>Total Asset Sales $m</th>
<th>Net Government Debt $m</th>
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<tr>
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<td>8,169</td>
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<tr>
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<td>7,341</td>
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<tr>
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<tr>
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<td>1,353</td>
<td>2,520</td>
<td>3,873</td>
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<tr>
<td>TOTAL</td>
<td>11,160</td>
<td>47,083</td>
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### NET IMPACT OF FISCAL POLICY DECISIONS 1996 TO 2002

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<tr>
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<td></td>
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</tbody>
</table>

(Note change from cash to accrual accounts in 1999)
Positive numbers represent improvements to the Budget bottom line.
Negative numbers represent a deterioration in the Budget bottom line.

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Representatives Main Committee
The 2002 budget is Peter Costello’s seventh. All of them have been in a period of sustained economic growth that began in the September quarter of 1991, almost five years before the coalition was elected to office. The Treasurer wants everyone to believe the reduction in net government debt is the result of his careful financial management—it is not; it is the result of asset sales. Far from being a careful financial administrator, he is a big spender. He will have his own special footnote in history setting out how he published a Commonwealth balance sheet and then systematically set about weakening it. I have made it my melancholy duty over the past four years to document his fiscal failings. Peter Costello had one tough budget where he slashed and burned, though the effects of most of those decisions were delayed. By the time many of them had come to pass as savings, the money had been spent on other things. His second budget held the line, but that was only because he abandoned the planned Commonwealth superannuation contribution in lieu of a tax cut. This pretence at increasing public saving was done at the expense of private saving. What followed has been a consistent pattern of increases in public spending.

There have been two peaks as a result of promises made at two elections. First came the sweeteners that accompanied the GST, then came the spending spree in 2001 that was intended to mask its aftertaste. The consequence of this vote buying was an unexpected and unnecessary cash deficit in 2001-02. Before the election the Treasurer said that would not happen. This year’s budget has continued the pattern of net additional spending as a result of policy measures. The Treasurer’s pretence that he has maintained financial discipline is based almost entirely on the reduction in net government debt he has achieved by selling assets. In fact, the Treasurer has sold almost as much in assets as he has reduced debt. The reduction in net debt—assuming his 2002 budget goes to plan—of $61.3 billion will have been achieved by selling assets for $58.2 billion.

I would like to turn to my own shadow portfolio and talk about some of the things that are not being funded. The most significant of those is training. Australia is currently ranked 17th amongst OECD countries, with 57 per cent of the population having completed year 12 or its equivalent. By 2015, that is expected to rise to 62 per cent. But Australia’s ranking amongst OECD countries will not change, and by then the countries that Australia would wish to compare itself with will have, they expect, attained much higher rates—the USA, 88 per cent; Canada, 84 per cent; and Germany, 89 per cent. We are slipping to the back of the pack in terms of developed nations and training levels. We have to remember that, when we are talking about training, we are talking about education that is going to sustain the overwhelming majority of our population in their working lives.
When we look at this budget, we find very limited initiatives in the area of training. There is a $750 incentive for employers to take on school based apprentices, with a $750 retention bonus if they are still employed six months after completing year 12. There is a $1,100 incentive for employers to take on new apprentices in IT and other high skill occupations, and there is a $500 payment for mature unemployed for training in basic IT skills. These are very modest initiatives in the training area. They are initiatives which are directed at not creating extra training places but, with the exception of the IT skills for mature unemployed, providing payments to employers to take people on, which is an interesting change of emphasis and I wonder whether it might be expanded. At the same time, these initiatives are being partially funded by a measure to de-fund state based ITABs. That is going to save the government $15.4 million over four years. I wonder what the government’s objective is there. It may be that it is simply to transfer the cost of state based ITABs onto that tier of government. It is going to have a very uneven set of consequences.

I have talked to the state minister in South Australia, and she has had to initiate a review of ITABs in that state, because in South Australia, the state government currently provides about $660,000 a year for ITABs, and the Commonwealth government provides about $1.3 million. The state minister said that, in South Australia’s circumstances, in which they have a budget that is $348 million underfunded over the next few years, they are simply not in a position to find the money to make up the difference. I suspect that the same will be the case in a number of other states. Since this measure was announced, one ITAB has gone into liquidation in South Australia and the others are having discussions about amalgamation and how they might manage. The state minister’s review is designed to look at how the functions of ITABs might continue in that state in a situation in which there is no Commonwealth funding.

The ITABs provide a very important function in that they promote a training culture, they provide advice to the state government and to industry about training packages, about individual qualifications and about accreditation and registration issues, and those things will probably be done less well. I wonder whether it is the Commonwealth’s intention to get those functions done by peak employer bodies. If that is the case, and ITABs are not able to be funded by the state governments, there will be much less contact with the small and medium sized business sector, members of which do not, in many cases, belong to peak employer bodies. So there is going to be less activity on the ground, less coordination and less promotion of the training culture amongst small businesses, of which the Liberal Party always purports to be the champion—they are going to be ignored in relation to training. That is something I see as a significant disappointment.

The other thing I wanted to say about providing incentives to employers is that the government has recently demonstrated that it has not got a particularly good track record of managing those arrangements. There were some revelations on the weekend about AFL clubs accessing the New Apprenticeships scheme grants of $4,400 for players who are receiving salaries of $400,000 a year. I thought it was unusual when the minister did not come out and say that that was not really what those New Apprenticeships grants were for. I thought they were to encourage entry level training for people who wanted to go into ordinary occupations and trades. I did not think the definition of a new apprentice was the captain of the Geelong Football Club. I think the captain of the Geelong Football Club learned his skills a long time ago and has been particularly well remunerated for them.
Another thing that worries me about this set of arrangements is that they may not be based entirely on training. The Geelong Football Club’s chief executive, Mr Brian Cook, told the Sunday Herald Sun that the club would be benefiting from the sponsorship arrangement with Corpfit, which is the training provider, and in return had to provide a set number of trainees. I think it bears some investigation by the minister’s department as to whether an organisation that is paying a club sponsorship and then receiving a certain number of trainees and support from Commonwealth grants in relation to those trainees is in fact doing that for the purposes of providing training or for the purposes of providing sponsorship. It demonstrates that there is an area under which this money is being expended that needs to be tightened up significantly both in terms of the definition of an eligible trainee and the definition of appropriate arrangements between employers and training organisations that are training the employees.

I understand that the department has told estimates committees in the past that, where there are bulk referrals to training providers, there is an examination of the appropriateness of the arrangements—whether they are in fact for training or whether there is any other purpose for them. I do not think from the minister’s comments, since this revelation last Sunday, that there has been a proper examination of these arrangements between the Geelong Football Club and Corpfit, and I think that there ought to be.

The other area that was given significant attention in the budget is the new arrangements for the Job Network. We know perfectly well that the Job Network is not working very well at all, that most people who require job matching get absolutely no service from Job Network providers in providing them with job matching. People who come to me say that they attend their Job Network provider, they supply them with a resume and that is the last they ever hear from that Job Network provider. They then go out and find themselves a job if they are able; they receive no phone calls and no referrals.

There have been some major changes announced in the budget and in the subsequent discussion paper that Minister Brough put out. The following substantial changes were announced: the number of Job Network providers linked to the system is going to be expanded; instead of having to register with five or six Job Network providers the job seeker will register with only one; and the job seeker will lodge their details on a computer system which employers seeking an employee for a job will have access to. So an employer seeking to fill a vacancy will get, via a computer system, a list of the details of job seekers and their characteristics, but not their identity, and will be able to electronically drop those details into a shopping basket. Those job seekers will then be sent an email message or a voicemail message to a message bank service, telling them that an employer is interested in possibly employing them and that they should follow it up.

The fees for doing this are going to be quite modest. At the moment the fees are quite modest and most Job Network providers tell me that the current fees are below the cost of providing job matching services and it is for that reason people are getting particularly poor service. I am pleased that there will be more information available on the system, both for employers and for job applicants, but I am extremely sceptical that this new system is going to be fully effective with the sorts of fees that the minister is talking about.

Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (4.45 p.m.)—I rise to strongly support Appropriation Bill (No. 1) 2002-03, Appropriation Bill (No. 2) 2002-03 and Appropriation (Parliamentary Departments) Bill (No. 1)
2002-03. Obviously I and all members on this side are very proud to be part of the seventh Howard government, and this budget continues to demonstrate why we are taken seriously as the government of choice by an Australian people who understand how important it is to protect Australia’s environment and heritage. In the seventh Howard government budget we have committed a record $1.8 billion for 2002-03 to work needed to redress the damage done by current and previous generations of pioneers and nation builders, who managed to bring forward the most democratic and free society on earth but often did so at a terrible cost to water quality, soil fertility and biodiversity.

This budget continues the concrete action that literally sees trees in the ground, fences built, weeds eradicated, habitats protected and innovative alternative energy industries built. It also recognises the significance of the landscape for the wellbeing of all Australians and in particular the rights and contributions of our Indigenous people. We have funded the National Action Plan for Salinity and Water Quality. This has been one of the Prime Minister’s proudest initiatives. It is rather sad to think that it took us nearly 100 years to recognise a salinity problem that has been evident in parts of the landscape since Federation and, in the case of the electorate of Murray, since the early 1900s. There is now nearly $2.5 billion committed to funding of the national salinity action plan and the Natural Heritage Trust mark 2 combined. The national salinity action plan—or NAP, as we call it—is targeting 21 priority catchments for salinity and water quality works, and these are in every state and territory.

The budget recognises not only the importance of work projects but also the fact that we cannot achieve outcomes in this country unless we deal with issues of regional catchments in a total catchment management process. That requires the engagement of communities which are also represented on the ground by local government and a range of community organisations. This budget for the National Action Plan on Salinity and Water Quality and the Natural Heritage Trust mark 2 also has significant funding for what we call capacity building and for engaging communities. We understand that the regional institutional arrangements which in the future will manage these regionally based remediation works need to be carefully developed—in many cases they do not already exist—and need to be specially resourced so they can do the task ahead of them. The Natural Heritage Trust moves into the second phase of its existence over the next 12 months and that means that the hard work of more than 400,000 community volunteers working on over 10,000 projects will continue to be supported for the next five years.

I am pleased that, as part of the Natural Heritage Trust, the 13 Indigenous land management facilitators are continuing to be funded. These facilitators assist some of our most remote and environmentally degraded communities. The Indigenous land management facilitators’ input has resulted in a significant increase in funds that have flowed to Indigenous communities to care for the country. I look forward to working with these facilitators as they undertake their important work.

Also of great significance is the work of the Indigenous Advisory Committee on the Environment Protection Biodiversity Act and the Indigenous Protected Areas Advisory Group. I want to acknowledge their efforts for the record. With their specialised knowledge they are contributing to the government’s efforts to repair and restore our precious environment and natural resources through the EPBC Act, one of the most significant reforms that any government has brought through in terms of legislation to protect and restore our environment in this country. In particular we wish to ensure the protection and documentation of ethno-
biological knowledge, and that is one of the special areas of concern of the Indigenous Advisory Committee. We do not have much time left in some communities where Aboriginal and Torres Strait Islanders with traditional knowledge are nearing the end of their lives. There is a sense of real urgency and impending loss of knowledge in these communities, and we must do all we can to respond to this need and sense of urgency and recognise the value of the knowledge that could be lost to all of us forever.

In particular I think it is very important, too, that we recognise that it took nature one million years to build up a store of fossil fuels that humanity now burns in one year—a million years to create a fossil fuel, and we dissipate that energy in one single year across the globe. It is also a fact that 25 per cent of the world’s population are responsible for 75 per cent of global greenhouse gas emissions. We obviously need to participate as part of a global civil society that has a commitment to remediation so that in the future all can be sustained on this planet and we can try to avoid the catastrophes that are being predicted with sea levels rising and biodiversity unable to cope with the rapid warming.

Federal Australian Greenhouse Office programs are continuing to be funded. We were the first nation under the John Howard government direction and leadership to establish a national Greenhouse Office. This office addresses climate change through special programs and legislation, and engages with states, businesses, local government and the community. Some of the programs that are contributing to our goal of reducing emissions include the $400 million Greenhouse Gas Abatement Program, the Cities for Climate Protection Program and the Mandatory Renewable Energy Target program which requires energy generators to source an additional 9,500 gigawatts of electricity from renewable sources by 2010.

I want to point out that these programs have required champions. It is one thing for a government to create such programs and to put considerable resources behind them, but for them to translate into actions on the ground requires the energy, the innovation and the commitment of individuals.

I particularly want to commend the member for Kalgoorlie. He has been championing for many years now the work that can be done through the Derby tidal energy infrastructure. He has persisted in his drive and, besides arguing for the alternative energy that could be generated by the huge differences in tides in that region, has identified the regional development advantages of the Derby tidal energy production. Through his persistence and effort in the electorate he represents so admirably, the federal government has now guaranteed considerable funds and it is encouraging others to join to see that Derby tidal energy production becomes a reality. I want to strongly commend the member for Kalgoorlie for his years of persistence, when he pointed out what was possible to people who could not imagine that we would ever in Australia be harnessing our tidal energy.

The Greenhouse Challenge has engaged more than 700 businesses to develop an inventory of their emissions and has identified practical abatement actions, like automatic light switches and air conditioning controls. It is estimated that this voluntary partnership has saved 30 million tonnes of greenhouse gases from being released into the atmosphere. We have a very impressive record in Australia of leadership in so many areas addressing the problems of both domestic and international greenhouse gas emissions.

I want to put on record the excellence of the work done to develop the land cover change program of the Australian Greenhouse Office’s National Carbon Assessment System. As
those in this chamber would be aware, the former Minister for the Environment and Heritage, Senator Robert Hill, was a champion in the international arena, chairing the Umbrella Group as he drove through the concept that vegetation was a significant part of the strategy to curb greenhouse gas emissions. He was able to argue in international fora that, if you also took into account the role of trees and shrubs in carbon sequestration, planting could be significant for the world’s future. He also argued strongly that the clearing of vegetation was a significant contributor to greenhouse gas emissions.

During the week of 13 May this year, we had independent reviewers—Dr Darrel Williams, NASA Goddard Space Flight Centre, and Dr Kim Lowell, Full Professor, Laval University, Centre for Research in Geomatics, Quebec, Canada—review the Australian Greenhouse Office’s National Carbon Assessment System. The presentations were made by Dr Gary Richards, Manager and Principal Scientist of the AGO’s Carbon Accounting Team and Ms Suzanne Furby of CSIRO’s Mathematical and Information Science Office in Perth. I want to read to you what these two international experts said, assessing the program independently:

to the best of our knowledge, this multitemporal data set is the most robust continental scale Earth observation data set of its type ever assembled. The utility of this data set for a multitude of other applications by federal and state agencies in Australia is simply huge. That is, in addition to the carbon accounting assessment system.

They went on to say:

The productivity of this very small group of civil servants is truly astounding. At a minimum, this effort should have taken twice as long and cost at least twice as much, assuming that twice as many civil servants were directly involved. Dr. Richards and Ms. Furby—and, I should add, all those who helped them—have truly accomplished a Herculean feat.

I am keen to put that commendation on the record to show you just how hard officials have been working to make sure that Australia undertakes its responsibility as a good global citizen in terms of our greenhouse gas challenge.

I would now like to turn quickly to some of my particular responsibilities in the portfolio; that is, the Australian Antarctic Division and the Bureau of Meteorology. I am pleased to say that the Australian Antarctic Division will continue to receive significant resources to manage the more than 30 per cent of the Antarctic continent that Australia claims. The AAD is responsible for protecting, conserving and advancing Australia’s interests on that great continent. In particular, it focuses on the research we can do down there to advance biodiversity protection and the understanding of climate change and ozone layer problems, and it maintains and develops the infrastructure that facilitates that research and international cooperation. The AAD also works closely with the Bureau of Meteorology on climate change work.

The AAD has worked closely with AFMA and Environment Australia in better protecting our Southern Ocean fisheries, particularly around Heard and McDonald Islands where we have very valuable but very easily overexploited species—the Antarctic and Patagonian toothfish—which have been plundered by illegal, unreported and unregulated fishing. We are taking the issue of further protection for the toothfish to a meeting of the Convention on International Trade in Endangered Species—CITES—in Santiago, Chile in November.

We are also in the final stages of work on a tourism strategy for the Australian Antarctic claimed territories, and, as a contribution to the Antarctic Treaty System debate later this year,
we are looking very closely at how we can control our waste generation and how to remediate past waste collections and tip sites in the Antarctic. This summer we will be mounting a rescue mission for the huts that we associate most closely with Sir Douglas Mawson. They belong to that heroic era in the early 1900s—1911-12—when, for two years, Sir Douglas Mawson and a small team were down in one of the most remote locations on earth—one of the most dangerous, windiest, coldest locations on earth. They built for their shelter some small wooden huts. Unfortunately, the rise in temperature associated perhaps with climate change in the last two seasons has meant that a lot of the artefacts in those huts have been saturated. The hut, under any circumstances, is now after 100 years urgently in need of some major restorative works. I am very pleased that we will have a major expedition this summer to protect and preserve Mawson’s huts—for all time, we hope. This will involve taking the ice out of the huts and making sure we can stop the ingress of snow and ice that is putting weight on the beams, crushing some of the structure and certainly destroying artefacts.

The Earth Charter said that children must be raised to respect one another and to love nature. To do that, they need to understand and learn about our natural resources. I want to commend Classroom Antarctica, an excellent online curriculum program that the Australian Antarctic Division has developed. This, along with the Bureau of Meteorology’s online access for Australians—one of the most visited sites after the Australian Taxation Office site during the height of its activity—shows you that this Australian government has transparent, easily accessible and highly user-friendly information available to all.

I want to finish by saying that we recognise that our environmental, economic, political, social and spiritual challenges are interconnected, and together we must forge inclusive solutions for this nation. That is what the John Howard budget of 2002-03 helps us to do. I am proud to be associated with this work and I know that the Australian environment and natural resources have never been in better hands.

Mr DANBY (Melbourne Ports) (5.03 p.m.)—I would like to focus my remarks on the government’s failure to deliver in defence, looking particularly at how the Appropriation Bill (No. 1) 2002-03 reflects on the defence budget. The government’s rhetoric aside, this budget delivers but $69 million in net additional funding for the war on terrorism, for boat arrivals and for domestic security to the Department of Defence. Our defence forces under this budget trade off future capability to fund the Howard government’s current commitments. In my view, some of these measures are short-sighted and tricky and come at the cost of long-term Australian defence. Some of the activities, such as the commitment in Afghanistan, have bipartisan support but they ought to have been allocated sufficient resources independently of cost savings from the existing budget of the Department of Defence.

The government has forced Defence to make $268 million in savings to cover the cost of current operations and increased security measures. As I said, these current operations and increased security measures are supported but are taken out of long-term defence allocations. The government has paid just $69 million of a $337 million bill for the current defence operations and enhanced security. This leaves Defence to pick up a $268 million shortfall—this is in a year when the government expects to collect $660 million from Defence asset sales. This is a point I particularly want to focus on. Unlike the previous situation with these capital sales or Defence asset sales, there is no particular amount set aside for the defence department—they just go into general revenue. In my view they should be seen in the context of what my friend the member for Kingston talked about in his speech: asset sales are the key
factor in the current Treasurer’s reputation as a person who is fiscally responsible. If you look in the long term at this government’s record, that is the area in which he has been able to drive down Australian debt.

The Auditor’s report shows that after eight years this $660 million of Defence asset sales will become negative. At that point—like many of the other foolish asset sales that this government has undertaken—we will then force the Department of Defence to pay exorbitant rents for the necessary properties and assets that they have. Future Australian governments are going to have to take those up. For example, I think of the Australian Geological Survey Office and other purpose-built scientific establishments around this national capital of ours. That has been sold off. It is a purpose-built scientific building. There is nowhere else that that organisation can go. I can imagine that having to rent that back will be exorbitantly expensive for future Australian governments. In my view it is extremely short-sighted. It reminds me of the story I have recently heard about the Australian Embassy in the Czech Republic, which was sold and is now having to be bought back at an exorbitant rate.

The Howard government’s funding of current operations at the expense of future capabilities of the defence forces includes items from the budget, such as $150 million in savings by delaying capital projects under the white paper. In addition, there are some $60 million in delayed projects in 2001-02. A total of $210 million in necessary capital spending has been pushed back. There is a recognised critical shortage of ammunition, with an additional $21 million in extra stocks to cover an $80 million shortfall annually. This will be at the expense of cutting this $21 million from necessary equipment purchases. The Army will now have bullets but no guns—I suppose that is the metaphorical expression that we could take from this. There is $97 million in savings on administration, which means the halt on essential repairs, maintenance and training will continue in 2002-03. The government’s claim of a net additional $107 million for Defence, on page 14 of the Defence portfolio statement, includes $38 million to replace Defence revenue lost because of delays to asset sales. This leaves a net addition of $69 million for the war on terrorism, patrols for asylum seekers and domestic security.

This government has a record of misleading and deceptive conduct when it comes to defence spending. As I said, almost all of the costs of the extra expenditure, much of which has bipartisan support, in 2002-03 are being absorbed by the department through cuts to capital expenditure and other savings measures. This is the second year in a row that costs for current operations will be funded at the expense of the future capability of our defence forces. The government was happy to farewell troops during the election, but it does not want to pay for them properly when they are deployed. The budget papers reveal that $150 million of capital equipment projects under the current white paper are being cut for 2002-03. This is on top of the $60 million cut from 2001-02.

The government has shown that it is willing to abandon its 10-year plan for capital equipment for short-term political gain. This undermines the whole purpose of the 10-year plan, which provides certainty to defence industry. One of the aspects of the current Treasurer’s financial management and the appropriations that we are discussing now, including in this defence area, should be seen in the context of what I regard as irresponsible decisions made—or not made in this case—in terms of currency loses. I will come to an important statement that the member for Werriwa made on this. It could have been better if some of the expendi-
ture—and asset sales are being undertaken to provide that expenditure—had not been on these massive currency losses that have been undertaken.

In the past year I understand $440 million of currency losses were absorbed by the defence department and a further $300 million will be absorbed in the next financial year—a total of $740 million. We remember the speech of the member for Werriwa when he said, speaking of the Treasurer:

... he knew from 1997 onwards that currency swaps were a bad investment, and he did nothing about it. He knew for four or five years that currency swaps were a bad investment and he did absolutely nothing about it. The dog was asleep on the porch while the Commonwealth lost $5 billion.

Mr Latham explained that the Treasurer's excuse was that 'nobody told me until November 2000'. The member for Werriwa went on:

And at the end of 1997, the Asian economic crisis hit. Anyone who was in parliament at the end of 1997 would remember the lectures we got from the Treasurer about the Asian economic crisis. Blind Freddy could have seen that that crisis would have weakened the position of the Australian dollar relative to US currency. Any high school economics student would have known that the Asian crisis would drive down the value of the Australian dollar. That was the big alarm bell that should have rung.

The list of warning bells from the audit office goes on—June 1998, August 1998, May 1999 and the Audit Office report of October 1999, which said:

There is ministerial endorsement for the policy of annual currency strategy swaps.

This irresponsible attitude to foreign currency trading was made at a time when it was clear after the Asian economic crisis that Australia would lose money in these foreign currency swaps. It is all very well for the Treasurer to say, as he said repeatedly in his own defence in the House, that these currency swaps were introduced by Labor. The key point made by the member for Werriwa, and forgotten by many of the people in the media, was that under Labor these currency swaps were profitable. When you received advice that, relative to the US dollar the Australian dollar's value has fallen, you should have immediately taken measures with your hands on the levers of the Australian economy to stop these currency swaps because they were no longer contributing to our revenue.

During question time yesterday I asked the Minister for Defence about the Seasprite helicopters—another of this government’s bungles in the defence department. We have seen that, at a cost of over $900 million, we are buying second-hand equipment—in some cases 40-year-old frames—for the Navy. This project has been scandalously mismanaged by the government with taxpayers picking up the bill. The minister tried to evade the point and say that this project was originally envisaged under Labor, but the contract was signed under this current government in 1997. The 2002 budget has the government increasing prescription costs for pensioners at a time when it has mismanaged a contract worth $940 million. The latest evidence, reluctantly provided by the government in response to a question from Labor, shows that the air frames of seven of the Seasprite helicopters were built in the early 1960s. The government has agreed to hand over $920 million of taxpayers' dollars for helicopters that will be more than 40 years old when they are accepted into service by the Navy. We are then expected to believe that these helicopters have a service life of a further 25 years, at the end of which they will be the venerable age of 75. I do not think anyone believes that it is responsible to fly aircraft of that age in a modern defence force.
The document also shows that the government has now paid $780 million of the $920 million contract and all the helicopters are not due to be in service before 2006. So we have paid out 85 per cent of a contract and we have not even received one of the promised 11 helicopters. The government has also admitted the contract it signed with a supplier—which it refuses to release—does not include a damages clause. All of this comes on top of revelations that the government has paid an additional $31 million to the same company to operate a maintenance facility for the helicopters that have not yet been delivered. This project and expenditure are totally irresponsible—straight out of a script of Yes, Prime Minister.

In the Canberra Times today, there is a description of this expenditure that is so remarkable that I would like to read it into Hansard. Mr Funnell of Farrer writes:

Incredibly, we don’t have one helicopter and we have paid the money! How we have arrived at the Seasprite solution is itself a model of defence-capability dysfunction that verges on the infantile. The Seasprite was to be a part of a big patrol boat. The helicopter was purchased before it was agreed to build or buy the patrol boat. Then the patrol boat was cancelled.

The answer should have been to ditch the damn helicopter and end of story. Instead, we decided to buy it anyway, make it look like it could do anything while at war and stick it on the Anzac ships. Of course, it is the wrong configuration for the Anzac ships, and if you are a defence specialist you know the Seasprites are absolutely the wrong helicopters for our Anzac frigates. Mr Funnell continues:

Problem solved, disaster averted with capability and acquisition combined in an elegantly impractical solution. Only one shortcoming—it didn’t work! The helicopters are relics, more often found in museums or in desert graveyards waiting for a buyer—which is where we found them.

Poor mug Australia! Mr Funnell also says:

We dream of combat systems that don’t yet exist, are ... hard to produce and will take years to get.

In the areas of currency swaps, asset sales and this incredible Yes, Minister type of problem with the Seasprite helicopters, I believe this government stands condemned by its record in this budget. Its expenditure on defence at least has been shown to be monumentally inadequate. The issue of currency swaps is something that should really have influenced the whole reputation of this government. The Treasurer in particular is very lucky to have escaped, given the member for Werriwa’s remarks and the opposition’s attitude to exposing the government’s record on losing $5 million of Australian taxpayers’ money on these currency swaps, particularly after it was well known and the Treasurer was advised of it repeatedly by various agencies. It is a scandal that this government is very lucky to have escaped from with the little measure of public odium that it has.

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Minister for Family and Community Services) (5.17 p.m.)—It is pleasing to see the member for Melbourne Ports defending and lauding the member for Werriwa, as so often that task has been left to members on this side of the House. It is good to see a little solidarity among Labor colleagues.

I rise today to speak to Appropriation Bill (No. 1) 2002-03. There has been plenty of discussion about the individual line items and the separate portfolio area spending measures in the budget, but I want to focus my remarks entirely on Budget Paper No. 5, which was introduced as part of the government’s budget transparency and budget honesty charter. It is titled the Intergenerational Report. This is a discipline introduced by the government to ensure that
we do not focus our minds merely on the next year or the next election but we look to the next generation and beyond.

The Intergenerational Report aims to provide an overview of the Commonwealth’s fiscal outlook over a long-term horizon of 40 years and seeks to identify emerging issues associated with the ageing population. We speak fairly often about the ageing population without breaking it down into its constituent elements, the principal one of which is the fact that we have added 20 years of life expectancy to the average Australian in the last 70 years. This is an extraordinary achievement but nonetheless one which presents significant policy challenges to a responsible government because of the consequences of funding the ageing population, particularly in public health expenditure and in retirement income.

The second dimension relating to the ageing population is a decline in fertility. This is part of the second part of the pincer movement where birth rates in Australia have fallen from about 3.5 children per couple-family in 1970 to the rate today of 1.75, which is well below the replacement rate of the population. So, firstly, we have the consequence of living much longer—and a person will tend to consume more public health resources in the last 10 years of their life than they will in the first 70 years of their life—and, secondly, we have fewer future taxpayers as a consequence of that falling birth rate. So the dependency ratio of those paying taxes and those reliant on tax revenue continues to erode. That position, outlined fairly graphically in the Intergenerational Report and then confirmed by the release of the 2001 census data by the Australian Bureau of Statistics yesterday, paints a very stark and alarming picture. It shows us that there will be growing fiscal pressure on the Commonwealth as we look out to that period up to 2041-42 and that the most significant impacts will emerge in approximately 15 years when Commonwealth spending will begin to seriously exceed Commonwealth revenue. To prevent the budget moving into permanent deficit, future generations will face higher taxes or the government will need to reduce projected growth in spending.

When we look in particular at the issues associated with the increased life expectancy, we find that it is in the area of health care and aged care spending that the most rapid increases are expected to take place. We suspect that health and aged care spending will rise from four per cent of GDP this year to 8.1 per cent—more than double—in 2041-42. The greatest cost pressure in these future rises comes from non-demographic factors such as the listing of new medications on the Pharmaceutical Benefits Scheme and greater use of diagnostic procedures, although it is true that the ageing of the population contains its own increased demands particularly in health spending. So we see in health spending this rise from currently four per cent of GDP to eight per cent of GDP.

This was front and centre in the mind of the government when we moved to introduce measures that would increase the sustainability of the Pharmaceutical Benefits Scheme. The facts are simply incontrovertible and it is a matter of some disappointment on this side of the House for us to see that, unlike previous Labor governments—for example that under the health portfolio leadership of Deputy Prime Minister Brian Howe, who had responsibility for this area and introduced some copayment into the Pharmaceutical Benefits Scheme—the current Labor opposition does not have the fortitude to take the 40-year view and support the measures that we are introducing to preserve the sustainability of the scheme.

That data in the Intergenerational Report is supported emphatically by the ABS statistics released yesterday as a consequence of the 2001 census. Those statistics have particular im-
plications for the issue of family structure, which is of concern to me as Parliamentary Secretary to the Minister for Family and Community Services. We see that the proportion of couples with children continues to fall, from 49.6 per cent of the population in 1996 to 47 per cent today. We see that the percentage of couple-families without children is rising, from 34.1 per cent in 1996 to 35.7 per cent today. We have seen a rapid increase in the rate of divorce, with 50,000 divorces in Australia last year at an estimated cost to the Commonwealth of $3 billion. We see that in 2001 7.4 per cent of people aged 15 years and over were divorced compared to 6.4 per cent in 1996 and, most significantly, less than two per cent in 1971. Families without children continue to grow as a proportion of the total population. Average household size in 1971 was 3.3 people. It decreased to 2.7 people in 1996 and to 2.6 in this last census, that of 2001. The proportion of people never married has risen most of all. In 1971 only 35.7 per cent of the population had never married, yet by 2001 that figure had more than doubled to 75.6 per cent of the population.

If we step back, if we take the long-term view, we see that any responsible government has to be prepared to look at not just our interests and the interests of those currently in the parliament but also the interests of our children and their children. If we take that approach, we are simply compelled to introduce measures that would both lift national savings and address the ageing population problem by lifting the birth rate. We do not want to discourage increased life expectancy—quite the contrary; we want to encourage it—but we can take steps that will hopefully encourage Australians to have children. At the same time we need to take steps that responsibly and more effectively target the Pharmaceutical Benefits Scheme to those who are most in need.

It is interesting to ask why it is that we are seeing the emergence of the trend of lower fertility. There is obviously a complex set of reasons. It is a trend that is shared with other OECD nations around the world. There is no single magic bullet solution. Governments ought to be reluctant in pluralist diverse democracies to appear to be dictating terms about very personal choices of individuals and families. Having said that, it is fascinating to note that only one in 20 Australian women say that they never intend to have children. But what we find from the ABS data is that at present in Australia four women in 20 will never have children, and that figure, on current trends, is on the rise from four to five.

Hugh Mackay’s analysis of the ABS data is that in future up to 40 per cent of Australians will never marry. The significance of marriage again is not that the government is seeking to enforce a rigid template of family organisation, but over 85 per cent of Australian women say that they want to be married before they have children. They want that level of commitment from their spouse. Why is it that we are having this enormous difficulty in satisfying what is a fairly fundamental human aspiration? We can put an astronaut on the moon and we can permanently inhabit the international space station, but we seem unable in four or five cases out of 20 to allow Australian women to satisfy a most fundamental aspiration, which is to be a mother.

Mr Quick—They can’t find the right blokes!

Mr ROSS CAMERON—The member for Franklin has rightly and with characteristic wisdom interjected, ‘They can’t find the right blokes!’ I have had a little bit to say about this in recent days and have touched briefly on this commitment aversion of Australian men. I confess to being a creature of my generation and of being guilty of most of the things that I am publicly, in effect, preaching against.
I was impressed by the analysis a century ago of Emile Durkheim, the great French sociologist, who introduced the concept of anomie into the lexicon of sociology. His idea of anomie reflected rapid change or, in historical terms, for example, the change in Western societies from the more feudal arrangement of traditional societies, which he called mechanistic, to the more complex and fluid arrangements of contemporary societies, which he called organic. He said that in these traditional mechanical societies the roles and relationships were very strictly defined and understood by all. The choices were much more limited. If you were born a serf, you died a serf. If you were born noble, you died noble. You tended to spend your entire life within a few kilometres of the village in which you were born. If you were a woman, your mission in life was simple—that was, in effect, to have children and, in particular, to survive childbirth, which was a very fraught experience. If you were a bloke, your job was to do exactly as your father, grandfather and probably great-grandfather had done before you.

By contrast, in our contemporary, complex, organic societies, we have, for example, in relation to gender roles, a majority of graduates of Australian universities who are women. In relation to physical mobility, we had a situation where to travel by plane from Sydney to London in 1948 cost 82 times average weekly earnings. Today, we can travel to London for three times average weekly earnings. We are pushing down through these social and economic strata a much higher level of mobility, not to mention the revolution of the motor vehicle. In relation to career choice, we are no longer dictated to by genetics and family guild. We have a whole vista of opportunities before us. Young people do not have one career. We do not expect lifetime employment in one career. By the age of 30, we might have had three or four different careers already.

What we are seeing is that this generation, which social researcher Hugh Mackay calls the ‘options generation’, is so flooded with choices that we find it incredibly difficult to settle and commit ourselves to one. We are acutely conscious of opportunity cost. We are always wondering whether the grass is greener in some other field. When it comes to this issue of relationships, we find it very difficult to maintain lifetime relationships. We find it hard to make the commitment to marriage. The Intergenerational Report and this budget demonstrate that this is no longer something which custom and courtesy prevent us from discussing. We simply must discuss these issues. We owe it to future generations of Australians to ensure that they are not born into an environment in which the costs and tax burdens on them are too great to bear, in which they are carrying not only the costs of their own retirement but also the costs of ours.

I want to commend this aspect of the budget in particular—this challenge to take the 40-year view, to examine the Intergenerational Report. The solutions will require collaboration by all Australians, including by the opposition. I commend the budget to the House.

Ms VAMVAKINOU (Calwell) (5.32 p.m.)—The member for Parramatta has raised some very interesting issues that I am tempted to reply to, but I may leave that for an adjournment debate at some other time, because I would like to take this opportunity to speak to the Appropriation Bill (No. 1) 2002-03 instead. This is a bill that provides funds for the budget; it is the first budget delivered since the recent federal election and it is my first budget since being elected as the new member for Calwell. I would like to look at this budget within the context of its effect and impact on the electorate of Calwell.
The government proclaims this budget to be one that is devoted to securing our borders and commits us to fighting the war on terror. The government should be condemned for spin over substance, because this is a federal budget devised by political illywhackers who have found a convenient and golden opportunity to shroud the less than glamorous aims of the budget. As the Leader of the Opposition said in his budget reply:

Budgets are not just a balance sheet; budgets are about choices and how they impact on people. This budget is one of lost opportunities and one that will hit families, the sick and people with disabilities across the country, and in particular in my electorate of Calwell.

The government’s leap into an extraordinary vote buying exercise last year in February has led to a pre-election spending bill that has now, a year and a half later, been passed on to families, the sick and people with disabilities. This shortsighted, mean and unfair budget should be condemned for its financial irresponsibility, because it is a budget that actually delivered a deficit after a decade of consistent economic growth. Time after time, the Treasurer has waxed lyrical about his economic credentials; promises of future surpluses still echo from the throes of last year’s election campaign. After all the talk and backslapping, what did we get? A deficit. Little wonder the Treasurer and the government have not been crowing as much lately.

The 2002-03 federal budget carries a legacy of billions of taxpayers’ dollars wasted on foreign currency markets and of this government being the biggest taxing and biggest spending government in the nation’s history. This budget stands to be condemned not only for what it proposes to do but also for what it neglects to do. Nowhere is this failure better illustrated than in the devastating effect it will have on Melbourne’s north-western metropolitan region, where serious concerns already exist in the areas of health, education and employment. My electorate will be hit particularly hard by the measures proposed. First and foremost the proposed changes to the disability support pension and the increases to the cost of basic medicine through the Pharmaceutical Benefits Scheme will severely affect the people of my electorate.

Under the changes, families will be forced to pay some $28.60 for each new prescription, which is up by $6.20 per script. We all know what happens in families when a child gets sick: usually other members of the family end up getting sick also. I know this because it happens in my family almost religiously. During one of these cycles of illness, a family can expect to make several trips to the doctor and they can expect multiple prescriptions. And, on top of all that, they can expect additional costs associated with decongestion medicine, antihistamines and paracetamol. These further burden the family budget. When you put all these costs together—the cost of seeing a doctor in the absence of bulk-billing and the cost of medications and other assorted medicinal aids—and when you tack on the new increases, you get a sickness cycle that can cost well over $100 per cycle. These cycles have a tendency to occur a number of times a year.

The Treasurer might argue that we are exaggerating the blow-out to the family budget but I challenge him to prove us wrong. The pitiful argument that pensioners will hardly feel the sting is a statement of contempt. With close to 17,000 age pensioners in Calwell, even small increases to scripts will have a major impact on their standard of living, because these people have to survive and make ends meet on a meagre income. What sense does it make for a government to force families and pensioners to pay for the PBS blow-out while it helplessly
stands by and allows the pharmaceutical companies to get away with not passing on the massive $224 million savings from the GST?

I was amazed at the government’s admission in a newspaper article. A spokesperson for the minister for health said that they are ‘powerless to force drug companies to drop their prices because they threatened to withdraw their products from Australia’. This government spokesperson added:

The government couldn’t afford to have any withdrawal of essential medicines because the only people who would have been harmed would have been the patients.

The drug companies claim that they could not pass on the savings in the form of reduced costs because they themselves endured additional costs as a result of setting up the GST. It seems that the government has yielded to such blackmail at the expense of patients, not to their benefit, as it claimed. I can tell you that my local doctors are very worried and they fear that the rise in medicines, especially for cholesterol reducing drugs, will mean that patients choose to go without vital medication. This will seriously jeopardise all the preventative measures put in place over the years, and the result will be a greater burden on the health system down the track when people succumb to diseases which medication is designed to control or prevent.

In addition to struggling families, suburbs in my electorate have some of the highest levels of disability support pension recipients in Victoria. Some 8,379 residents who live in Calwell receive the disability support pension. The suburbs of Glenroy, Coolaroo and Broadmeadows each have close to 1,500 people receiving the disability support pension payment. It is anticipated that about 500 of these people with disabilities will be forced onto the Newstart allowance, coping a cut of $52 per fortnight from their payments and being forced to endure the additional pressures of meeting the requirements of Newstart, which will in fact make their life far more difficult.

Our local supported employment workers face an uncertain future as they ponder exactly how current budget measures will impact on their day-to-day living. Brite Industries, for example, is a local supported employment factory, an employer that I have spoken about in this place before and one that I have nominated for the Prime Minister’s Employer of the Year award. Some of the families from Brite Industries—there are 120 workers on site; these are people with disabilities—have contacted my office concerned over the measures in the budget. They are concerned that their children or loved ones will lose their disability support allowance because they will be deemed to work in excess of 15 hours per week. These wonderful and special people do not work in order to improve their financial lot. They work in order to feel that they have a purpose in life. They do mundane and rudimentary work aimed at giving them some skills and keeping them occupied and, to a certain extent, offering them some fulfilment. Their parents and guardians are worried sick about their future, and it breaks my heart to be asked by anxious parents and guardians: ‘My God, what will happen to them now?’

I have sought a definitive and conclusive answer from the government about whether they can guarantee these people and their families exemption from the proposed changes to the disability support pension but, to date, there has been no clear answer. The government so far has failed to allay the concerns of these parents. How much this government thinks it can extract from the vulnerable in order to pay for its campaign spending spree and other associated costs is beyond me, and it is certainly beyond members of my electorate. Labor leader, Simon
Crean, has committed Labor to opposing changes to the Pharmaceutical Benefits Scheme and the disability support pension in the Senate, and it is right that the Labor Party should oppose these measures as they are unwarranted and unjustified attacks on the most disadvantaged Australians.

In recent years, the electorate of Calwell has borne the brunt of economic restructuring and job losses, particularly in manufacturing. Local unemployment rates are patchy across the region, but some areas continue to struggle with double-digit unemployment figures. Broadmeadows, for example, has a current local government area unemployment figure of 12.5 per cent, one of the highest in the state, while another area in my electorate which is perhaps more affluent, the suburb of Keilor, has an unemployment figure of 7.3 per cent, still a full one per cent above the state average. Local residents rightly feel that they are not sharing in Australia’s economic prosperity.

In fact, this budget and this government offer nothing for jobs and economic recovery for our region. They are silent on programs to tackle the job losses at Vodafone, South Pacific Tyres and Lanes Biscuits and the recent job losses following the collapse of Ansett. There is certainly no mention in the budget of any economic assistance for a region hard-hit by one of Australia’s largest corporate collapses. Ex-Ansett workers live in my electorate, and their mass retrenchment and the lack of government support have hurt small business and stifled local economic opportunity. Recently, a community delegation came to Canberra seeking government assistance; needless to say, we got very little. So you can imagine my distaste when it was recently revealed that the National Party electorates of the Deputy Prime Minister and his junior minister, Mr Tuckey, have gained a greater share of the Regional Solutions Program funds. In fact, I understand that the Deputy Prime Minister overruled his own advisory board to ensure that his electorate gained from these funds.

In our region we also have a great shortage of doctors. Dianella Health Services, based in Broadmeadows, estimates that with a lower ratio of GPs to population than the state average the area has an average waiting time of from two to three days to see a GP, while the waiting time to see a local female doctor is often up to four weeks. We hope that the government’s funding for an additional 150 doctors to practice in outer metropolitan areas will benefit the electorate of Calwell. We welcome the government’s efforts; in fact, I think it is a pretty good idea to try and entice doctors to the outer metropolitan areas. In areas of high growth with young families and a high proportion of elderly people, a chronic shortage of GPs, specialists and other medical resources must be addressed.

In Calwell, we have access to a health service that cannot meet after-hours demand. Dianella Health Services closes at about 9 p.m. each night, after which time those who want after-hours medical attention have to travel across town to the Northern Hospital and the inner suburbs of Melbourne to find medical services. Most of the time it involves children and elderly people, with the stress factor alone being enough to compound the illness and frustration they experience. A serious problem for health services in Calwell is the very long waiting times for specialist services. Waiting times for various specialist medical services are very high and they are rising; they certainly are not getting better. For example, there is at least a two-week wait for podiatry services, a 6½-week wait for dietetics, a six-week wait for counselling, a four-week wait for occupational therapy and a three-month wait to see a psychologist.

Income tax cuts have long since been eroded and the GST, although begrudgingly accepted as a necessary evil, continues to be a burden for families. Rising consumer and household
debt means that overextended mortgages sit like a time bomb for many families affected by increases in interest rates, and we can see many more of those interest rate rises coming. Unfortunately for the government, despite its protestations that current budgetary measures are necessary in order to protect our borders and fund the war on terror, people do not feel secure. They now worry about their future and, in particular, their children’s. I can tell you that in my electorate it is not the refugees or the terrorists that they fear the most—what they fear most is how they are going to make ends meet, what kind of an education they are going to give their children and what kind of attention they are going to get when they age or become ill.

Labor supports the war on terrorism and the protection of our borders—let me make that clear. However, this budget proposes a series of cost cutting ‘savings’, as they are called, targeting not the whole community but the disadvantaged and the poor. The reaction from the local residents of my electorate is that they are carrying the burden of the war on terror to a greater degree than are the more affluent parts of the nation. People in my electorate are beginning to question the level of our commitment. ‘We spend millions,’ they say, ‘to keep a few thousand out; we continue to feed the so-called Pacific solution, which is clearly not a viable long-term solution; and if we, as the government boasts, are succeeding in deterring people smugglers, then why pour more money into border protection? We are paying a high price for deterrence.’ In fact, I have many refugees in my electorate who could better use these funds if the money were put back into the settlement programs that in recent years have been severely cut back by the government.

As I have said before, our country may not be a great military or economic power, but we can become a great moral power. However, this government is leading us into what our former Prime Minister called ‘the shadows of great powers’, yet we do not question where this path will take us. The government seems more interested in appeasing and facilitating the American cause rather than prioritising the immediate and pressing needs of the Australian cause and that of our people. The federal budget aids the American cause at the expense of those Australian families who bear an unequal burden for this war on terror.

I have to mention schools in my electorate. I have looked long and hard at the budget papers in search of some commitment or proposal that schools in my electorate may hope to benefit from. I have found very little. Yet again the government has made it clear that the education of disadvantaged school children in public schools is not a priority. Not even our low-fee independent schools get much of a show. The Minister for Education, Science and Training, Mr Nelson, carries on with much vigour and fanfare about his commitment to the ‘Mr and Mrs $26,000-per-annum’ that he talks about consistently. He wants to ensure that Mr and Mrs $26,000-per-annum, who are struggling to send their children to non-government schools, will, as far as he is concerned, have the right to choose where their children study. Their right is to be protected solemnly and earnestly by the government. He loves to chastise the opposition, accusing us of jeopardising their kids’ education because we would not sign off on the schools funding legislation. It is a bit of a joke and a furphy that parents have a right to choose. The reality is that parents cannot afford to choose.

To base the gross disproportionate funding of schools, as is experienced under the government’s SES funding, on the concept of promoting choice is an unadulterated fraud committed by a government that has as a clear priority the lavish funding of wealthy schools. The government’s introduction of this new funding system in 1999 for non-government schools has worsened the problem in government schools by diverting funds to the wealthier private
schools. The government’s budget offers public schools in my electorate very little and, as such, makes it more difficult for kids to escape the poverty trap. Government schools, and especially those in Calwell, should be rewarded for their valiant efforts, not ignored. They should be encouraged and supported by the government because they have the hardest and the most important task of all: to help kids escape the poverty trap. There is, unfortunately, no such encouragement in this budget.

Ms LEY (Farrer) (5.49 p.m.)—I am pleased today to be able to support the government’s 2002-03 budget in the Appropriation Bill (No. 1) 2002-03 and to express my firmly held view that the budget is appropriate, responsible and strong. It is the budget for our times, brought down by a government which is the government for our times. In this budget we have kept faith with the people. The people returned us to office in November last year, and their concerns, which included asylum seekers and world security, have been addressed.

The budget has been welcomed by business leaders and the financial markets and has been approved by economists. And why wouldn’t it be? Australia’s economy continues to outperform all others in the developed world, growing beyond many predictions, at four per cent per annum. Our official interest rate after two rate rises is 4.75 per cent, and our variable home mortgage interest rate at 6.5 per cent is still the lowest in 30 years. The farmers and small businesses in my electorate of Farrer appreciate this low interest rate environment. For us, this is where it all begins: a strong, confident economy, which includes low interest rates and low inflation, is just as important to us as road and rail infrastructure. It provides the structure around which our lives and businesses are built.

Today, I would like to focus on the specific measures in the budget that are good for regional Australia. These are measures which will make a real difference to the people in my electorate. It is my job to help my constituents avail themselves of every opportunity these measures provide, and I look forward to Farrer participating fully in this partnership for stronger regions. The federal government will deliver $1.7 billion for the nation’s roads, including a further $200 million instalment for the Roads to Recovery program. However, I recognise the pain that the rephasing of Roads to Recovery expenditure is causing some of the local government areas in my electorate. They have expressed deep disappointment to me. This reflects the high regard they have for the program, because it has been such a good program and it continues to be such a good program for regional Australia. It is providing new money which hits the ground without the ‘benefit’ of state government siphoning and goes toward the building of local roads. Where local governments are under obligations regarding new projects, where they have employed additional staff or have entered into undertakings or contracts, they may be able to gain some special consideration. So I urge anyone affected to contact the department and explore this option. I am personally committed to making this program work in the best possible way for my electorate and to securing the long-term survival of the Roads to Recovery program.

As part of its ongoing support for regional airlines, the federal government will provide $13 million in 2002-03 to support regional air services and general aviation. We will continue to exempt existing and new regional airlines from en route charges imposed by Airservices Australia, and we will continue to subsidise regional tower services, including the tower at Albury Airport. As a supporter of our local Kendell Airlines and in the spirit of maintaining competition amongst airlines in the region, I look forward to our taking steps to ease the oper-
ating difficulties of regional airlines and to the $13 million assistance playing its part in my electorate.

In addition, assistance of $102.4 million over five years will develop and implement the National Food Industry Strategy. This will encourage product and service innovation, the development of an international food trade initiative and measures to build more competitive supply chains. I look forward to seeing where activities that we are presently undertaking in Farrer can be enhanced by this measure. In particular, the Batlow region of New South Wales has suffered lately with the closure of the Mountain Maid cannery and juicing plant. The Mountain Maid name appears to be lost to the area, which, after 80 years, is very sad. The competitive advantages in Batlow and surrounds still remain. These include the cleanest of green growing environments, the world’s best apples, blueberries and soft fruits and a community that not only understands and has expertise in food production and process but also is completely dedicated to these activities. Something just as special as Mountain Maid will grow again in Batlow, and I look forward to all three levels of government working together with the community to make this happen.

This is a government that walks the talk on environmental sustainability. It will provide $1 billion to extend the Natural Heritage Trust for a further five years, from 2002-03, bringing the total funding since 1996 to more than $2.7 billion. I intend to be vigilant in the electorate on the part of irrigators who are suffering unnecessary uncertainty under the New South Wales state government’s water sharing plans. In particular, where the federal government allocates Natural Heritage Trust funding to be distributed in accordance with priorities established by state government catchment management boards, subject to final determination by the state Minister for Land and Water Conservation, we have to be very careful that this produces the very best outcome for farmers. There has been much debate about the setting of priorities under some catchment management blueprints.

In particular, the land and water management plans of farms have achieved low priority compared with less specific measures such as biodiversity. While biodiversity is an admirable aim and something which we should not lose sight of, it is ridiculous to expect farmers to commit to this at the expense of land and water management plans, which are often already partly completed. A farm with an approved plan demonstrates that it is using water in the most efficient manner and is part of a strategy that links it with the country around it in a whole-of-region or whole-of-district manner. This gives farmers a jumping-off point to cope with the natural and ongoing vagaries of their operating environments. I would like to see our federal funding working towards this end; and of course we should be allocating federal money in accordance with federal, not state, priorities. It is worth remembering in all of this that the landowner who is most likely to damage the environment is the one who is going broke. You have to be in the black to be green, as it is often said.

DISTINGUISHED VISITORS

The DEPUTY SPEAKER (Mr Lindsay)—I seek the indulgence of the member for Farrer for one moment—which is unusual; it is normally the other way around.

Ms LEY—Certainly, Mr Deputy Speaker.

The DEPUTY SPEAKER—I wish to recognise the presence in the gallery of the former member for Morton, Griffith and Fadden in this place. I thank him for being with us. I know
that he now has to leave for another appointment. I thank the member for Farrer for her indulgence.

**APPROPRIATION BILL (No. 1) 2002-03**  
**Second Reading**

Debate resumed.

Ms LEY (Farrer) (5.55 p.m.)—My pleasure, Mr Deputy Speaker. The government will provide funding of $25 million over five years for the incentives for environmental management systems in agriculture program to support primary producers who adopt an environmental management system. This will take the form of cash back, up to $3,000. We know that it is the farmers who are the best environmental managers, and any measures that any government takes towards environmental sustainability must bring the farming community with them.

We are also providing funding of nearly $72.7 million over four years for radiation oncology initiatives. This will provide six new regional radiotherapy centres and the support measures that ensure there are staff to treat patients. Our commitment to rural health is strong. The Greater Murray Area Health Service in New South Wales will receive $1.96 million over the next three years to provide a range of primary health services aimed at reducing the incidence of cardiovascular disease and offering occupational therapy for cardiac, diabetes and chronic pain patients.

The health work force in rural Australia is a very special group. In many cases, they work far longer hours than their city colleagues and they do not have the same access to locum support, to regular working hours or to tertiary teaching hospitals, adding to the general difficulty in their working and professional environment. In this Year of the Outback, our distinctive rural health approach and the way we recognise the valuable role of the regions in the Australian economy is certainly something to celebrate and to continue.

One of the biggest issues facing the electors of Farrer is the US farm bill. This is an obscene piece of legislation and as a farmer I am outraged. This is something quite disgraceful that the US has visited upon us, its friend and ally. We are the largest direct foreign investor in the US, at $90 billion, and we employ 85,000 citizens. US golfers play on Greg Norman golf courses which are owned by Macquarie Bank. The two-way trade between Australia and the United States totals $26 billion. The US farm bill distorts the world market. As an example, I was recently told how in the prairie states of America, which may experience eight or nine dry years out of 10, land that has never before been cultivated is now being ploughed up and planted to crop. Do farmers care? No, because they are subsidised for up to 80 per cent of the cost of insuring the crop, which will almost certainly fail. We have a valuable two-way relationship with the United States and we must build on this. Our ministers are working well towards a free trade agreement with the US and I am cautiously optimistic that some positive results will emerge. Any free trade agreement must include farm products to ensure greater access to the US market for our agricultural products. These things take time; this government is doing all that it possibly can.

I spoke in my first speech to the House about the city-country divide. Latest census figures confirm the drift from country to city and the changing nature of Australian families. Consider the example of the life story of a former Prime Minister, Sir John Gorton, who grew up in Kerang. He grew up in country Australia and I believe he went to Geelong College and
then overseas to Oxford University. But he returned to the farm, to the orchard industry that
was his family’s lifeblood. He gave back to regional Australia all that he had learned, in
knowledge and wisdom, and the country was richer for it. But this no longer seems to be the
case, with our young folk leaving the country, not returning and becoming increasingly dis-
connected.

I see the city and the country as two halves of the same whole: neither side can live without
the other, changed though their roles have become. Advanced business services have become
a dominant force in the global economy. Cities provide the networks, research institutions and
facilities that country areas feed upon. Our capitals used to support rural areas but now it
tends to be the other way around, with advice, direction and services being transmitted to the
regions, where we gain inspiration and produce remarkable results.

I have touched on just some of the positives for regional Australia from the budget. There
are always challenges and we will cope with them. I have just finished speaking in the House
about the pharmaceutical benefit measures—the firm, responsible, equitable actions that we
plan to take to rein in the almost exponential rise in health care costs to ensure all Australians
continue to have affordable access to existing medicines and to the new, expensive medica-
tions that are yet to be researched.

I am disappointed that members of the Senate have indicated they will not pass crucial
measures of the appropriation bills. They bear no risk and take no responsibility. We the gov-
ernment bear the risk and we take the responsibility because, as the Treasurer says, doing
nothing is not an option. Doing nothing and allowing government spending to rise, as it surely
will do, is not an option. The electors of Farrer want lower government spending so they can
look forward to lower taxes and lower interest rates. I urge members opposite and members in
the Senate to support our government’s budget.

Mr Tanner (Melbourne) (6.01 p.m.)—I wish to speak tonight on the immigration com-
ponent of Appropriation Bill (No. 1) 2002-03, in particular the financial allocation for dealing
with asylum seekers and the provision of detention centres in order to detain those persons
who arrive on our shores unlawfully while they are pursuing applications for refugee status.
Several weeks ago I had the opportunity to visit the detention centre at Maribyrnong, which is
just outside my electorate in Melbourne, and to see first hand the circumstances in which not
only asylum seekers but also a number of other categories of persons who have in some way
or another fallen foul of the immigration laws in this country are held in detention. I was with
Senator Barney Cooney, Richard Wynne, the state member for Richmond, and also my staff
member Mary Day. We had a very interesting and informative time seeing for ourselves what
the circumstances are like in that particular detention centre.

Amongst the advocates for refugees in Australia the Maribyrnong detention centre is seen
as probably the most hospitable of detention centres and certainly far better in all respects
than some of the more notorious detention centres such as the one at Woomera. So, in light of
the observation that we were seeing the least problematic detention centre, it was interesting
to see what people were like in there and what circumstances they were living in. After
spending a couple of hours there it was very easy to see, even though this apparently is the
most hospitable of the detention centres, just why people in detention are traumatised and in
particular why they do things to themselves that many of us find very hard to understand. It is
very easy to see why there is a sense of hopelessness, despair and desperation surrounding
those people when you see first hand the circumstances in which they are held and understand the situation they find themselves in.

Clearly, this detention centre is to all intents and purposes a prison. When you look around you see guards and razor wire. When you enter the place you do not see a human being before you go through about three or four different gates and doors, all of which are remote controlled. This is in effect a prison. In our justice system, prison is essentially a last resort which is used in order to make some kind of reparation to the community, in order to achieve justice, in order to deter others from offending in similar ways and, hopefully, in order to rehabilitate. Citizens who commit crimes are sentenced to periods of imprisonment but while they are being dealt with by the justice system it is quite common for people who are charged even with relatively serious offences to be let out on bail so they are not actually in prison while their trial is pending and while they are assumed to be innocent until proven guilty.

It is quite different for non-citizens who have come to Australia other than lawfully in order to seek refugee status. They are held in prison-like circumstances, even though they have committed no crime. They are held there while the legal processes which they are subject to continue, and therefore they are held for an indefinite period.

The detainees live in fairly small rooms with bunk beds, and generally there are between two and four people to a room. There are small common areas that have couches, televisions, a few books and the odd game. There are a couple of open-air recreation areas within the compound and they are, of course, surrounded by razor wire along the top and are not particularly large. There is one that is designed for children and another that is designed for adults, which is about the size of a basketball court and, indeed, has something that appears to be a basketball court or something of that nature marked out upon it.

When you walk through the centre and speak to people and see people there, there is an overwhelming sense of listlessness, despair and almost a lack of interest in life; there is very clearly a sense of a lack of engagement. People do not make eye contact and there is a sense of almost a lack of interest in the fact that there are other people there. People are just sitting around, very despondent and disconsolate about their circumstances. Fair enough, we could not expect that those people would all be prancing about like they were having a wonderful time at Club Med; nonetheless it is an experience worth undergoing in order to get a sense of what it is like. We were there for only a couple of hours.

To be in those circumstances when you have committed no crime, and to not know how long you are going to be there for and what the outcome of your incarceration will be, is enormously demoralising and traumatising. When you see people in these circumstances, it is not difficult to understand why some of them commit extraordinary acts of self-harm and do things which most of us find very hard to understand. It certainly gives the lie to the notion put by the government that the acts by people at Woomera that got a lot of publicity in recent times are some form of crude blackmail being imposed upon the Australian people. In reality, those acts were cries of despair, cries of desperation, cries for help by people who have lost all hope and are totally bewildered by the circumstances in which they have found themselves. Obviously, we cannot talk about each individual in these circumstances. We cannot make any specific assumptions about the motives or the behaviour of any individual but, as a general proposition, I can understand, having visited that detention centre, why people who are in detention in these circumstances do act in sometimes quite extreme ways.
We spoke to four refugee applicants—asylum seekers—for a period of approximately an hour, with the aid of a couple of interpreters, with no guards in the immediate vicinity. The discussion that we had there was very informative in a number of respects. It is clear that people are treated in this detention centre in a humane and civilised way, in a narrow sense, and that they are obviously not tormented or persecuted in any direct sense. I certainly do not wish to criticise the centre management or the staff in this instance. I saw nothing which would lead me to make that kind of criticism of the staff in that particular centre. Nonetheless, the psychological burden of the circumstances in which the asylum seekers find themselves, the lack of ability to lead any kind of normal life, the closed-in environment with a substantial number of people in a very small space, and the lack of any sense of what their future might hold weigh very heavily on these people.

It was interesting also to hear about their personal experiences: how they came to Australia, what their knowledge of Australia was and what they expected in Australia. The answer to that was that all four of them knew very little about Australia prior to arriving here. They knew that we were a wealthy country and that we had a history of respecting human rights and democracy—and that was about it. Therefore, I felt that at least in these four cases the notion that the comings and goings of Australian policy about how we seek to interdict the boats that are coming to Australia, how we treat asylum seekers, what happens in the various appeal processes and how they are dealt with in detention centres indicates some pattern of deterrence for people living in Iraq, Iran or Afghanistan I think really has to be questioned.

I suspect that there may well be some deterrent effect in some cases, particularly with certain elements in the people-smuggling area, but the notion that people who are literally fleeing from serious persecution and threats to their lives and who have had relatives die or disappear have a comprehensive understanding of what they may expect in Australia as opposed to anywhere else I think is highly questionable. Often these are people in circumstances where their access to information of that kind is extremely limited. The notion that they are exercising some sort of conscious choice and in a sense shopping around for the most susceptible country really does have to be questioned. Obviously they want to come to a country like Australia because of the knowledge of the two things that I identified: firstly, that Australia is an economically well-off country and therefore by definition has the potential for economic opportunity and, secondly, that it has a history of respecting human rights and democracy.

There are two common areas in the detention centre: the basketball court and the children's area. There was an extremely poignant sight there which really summarised all of my anger and my concerns about the policy that is being pursued by the government. When you look out, you see very well painted, beautiful murals around this open area—it is enclosed but open to the air—of Bananas in Pyjamas and immediately above them there are huge rolls of razor wire. Why does this matter? It matters because there are children living in that detention centre.

In one case, there are three children with their mother: one is four years old, one is three years old and one is eight months old. The youngest child was born in the detention centre. They have been there for about a year. They have no idea how long the legal process is going to continue. The woman concerned fled from Afghanistan. Her husband was imprisoned by the Taliban and is now suspected dead. We are imprisoning her children and saying in effect that she and her children are a threat to Australian society and that while their claim for refu-
The minister's response to this is to say that, if we did follow Labor's suggestion and at the very least allow children to be removed from the detention centres with their immediate carers, that would create an incentive for boat people to bring children with them—to kidnap children, find children or somehow create a scenario that would help them. I really think that is starting to stretch credibility a bit. That sort of thing conceivably may happen—who knows? All sorts of things happen in this world, but we need to get a bit of balance here. Because of this, I suspect, largely inflated if not imaginary fear about asylum seekers of the future deliberately trying to kidnap or use children in this way to make life a bit easier for them when they get to Australia—in other words, it is presumed that they know that they are going to be otherwise detained—we have to lock children up. That to me is fundamentally flawed, immoral logic.

The imprisonment of children is not peripheral to the Howard government's approach to asylum seekers; it is not tangential—it is central. It is central for this reason: at the very core of the Howard government's approach to this issue is the relentless vilification of asylum seekers as a group. 'They throw their children overboard. They disable ships. They harm themselves.' They are all, by implication, evil, undesirable, the sorts of people that we do not want in our country. We even had the disgusting spectacle of leaflets issued by coalition candidates in marginal seats threatening that, if Labor got elected, voters would have asylum seekers coming and living next door to them. There was a clear attempt to manipulate fear in the community and to inflame a whole lot of very basic fears that really should be put to rest and should not be manipulated and exploited by government.

When the 'children overboard' claims were demonstrated to be false earlier this year and the government was on the back foot on these issues, what did the minister do? His immediate response in question time was then to start talking about the fact that people—who, and how many, unknown—on board at least one vessel that was carrying asylum seekers had sought to sink the vessel. I am not aware of the truth of that claim, but let us assume that it is true. The clear implication in the minister's statement was that all of the people on board—and, indeed, all asylum seekers and boat people—are tarred with the same brush.

Because one or two people—or perhaps five people: who knows how many?—decide that they are going to commit an outrageous act that threatens lives, we impute that act to all the others, some of whom may have had no involvement and nothing to do with the plan to conduct this kind of behaviour. Relentlessly, rigorously and ultimately outrageously, this government has vilified these people as a group and has sought to impute to them the behaviour of individuals. Be it about sewing lips together, destroying property, assaulting guards, having concealed weapons or seeking to disable boats, all the way through, this government—purportedly led by the Liberal Party, the party of the individual, the party that is supposed to believe in individual rights and individual responsibilities—is vilifying people because they belong to a category, not because of their behaviour, not because of something they have done, but because they belong to a group. Guilt by association. That is why children have to be in prison, because this government believes in guilt by association and in treating all of these people as if they are all equally guilty of the behaviour of a minority that belongs to that group. And this from the party that purports to represent the rights and the responsibilities of the individual—the Liberal Party!
Where are the Liberal moderates, those great upholders of human rights, those great upholders of decent policy? Their erstwhile leader, the Treasurer—where is he? The Treasurer has been doing a neat little segue politically over the past five years or so. The Treasurer has been trying to imply that he is now a bit softer than John Howard, that he is not quite as harsh on some of these things: he stood up to One Nation! Where is he in reality? The answer is that he is as strong on border protection as John Howard and Philip Ruddock are; he takes the same position on all these things as they do. The latest exercise of excising over 3,000 islands from Australia is yet a further example of the government’s base political motives in seeking to exploit these issues.

The government is playing with fire in its handling of these issues and, in the longer term, by seeking to play upon the deepest fears and insecurities in the Australian population. In seeking to vilify these people, in locking up children and taking an approach which is all designed for domestic political purposes, it is playing with fire. It will suffer the consequences in the future and, sadly, I think Australia as a nation will suffer the consequences. By fanning the myths about asylum seekers and boat people and by seeking to use these issues for political purposes, the government is going to create some really serious longer-term problems for this nation.

I believe it is time that we started treating these people as individuals and not as a group and that we started ensuring that they are treated on their merits. If they need to be held in detention because they are a security threat or for some other reason, fine, but if they are no threat to Australian society—as this woman with three small children clearly was not—they should not be in detention; they should be in some kind of community accommodation and dealt with in other ways.

Mr NEVILLE (Hinkler) (6.20 p.m.)—I rise to support the Appropriation Bill (No. 1) 2002-03. No-one doubts that this budget has come at a very difficult period in our nation’s development: no-one could have foreseen the boat people incident and the measures necessary since then, no-one could have foreseen September 11 or its aftermath, no-one could have foreseen the commitment to the war against terror that has seen our SAS troops involved in Afghanistan and no-one could have foreseen the severity of the recent global downturn. Against this background, a deficit of $1.2 billion is not unexpected, nor should it be seen as excessive. It is worthy of note that, in the coming year, we are predicting a surplus of $2.1 billion.

It should also be remembered that, of the seven budgets we have been responsible for, five have been in surplus. You could understand why two may not have been in surplus: the first one was after taking over from Labor in 1996—and that is easily explainable and understood—and the second was this year’s budget, for the reasons I have just given. Contrast this with Labor’s record, allowing the Australian economy to run into an accumulated deficit of $96 billion. Not only that; when we came to power, in the very year that we took over, we were faced with a deficit of $10.2 billion—and this, after the then leader, the current member for Brand, had assured the Australian community that the books balanced. We were $10.2 billion in deficit then, and now they have the temerity to turn around and criticise a deficit—in exceptional circumstances—of $1.2 billion.

I do not mind dealing with tough issues, and I would like to go to the heart of two of them. The first one is the Pharmaceutical Benefits Scheme. To get a feel of what this one aspect of
our health system is costing the nation, we need to review the situation over the last decade. In 1991-92, the Pharmaceutical Benefits Scheme cost Australia $1.23 billion. This year it will cost around $4.83 billion. In other words, it has increased four times in 10 years. In these circumstances, it is not sustainable. We need to understand this: who would suffer most if it were to reach the stage of becoming unsustainable? If Labor do oppose this in the Senate and they do knock it off, who will suffer? It will be the poor, it will be young families and it will be welfare recipients. Do not let us have any illusions about that, because, heaven forbid, if there is a Labor government in 2½ years, 5½ years or 8½ years time, and they continually knock off these increases, they will reap a harvest that is unimaginable.

The opposition have been critical of the increase from $3.60 to $4.60—and I for one would like to think that the government could have absorbed that $1 for pensioners. But Labor’s sincerity in criticising it stands in stark relief when you consider what they did under similar circumstances. In 1990, the then health minister, Brian Howe, introduced a copayment for pensioners of $2.50 and at the same time increased the general contribution by 36 per cent. What did that mean at that time? It meant that Labor collected in copayments 21.6 per cent of the cost of pharmaceuticals. This year—the year we are just finishing—we will have collected 15.7 per cent. Even after the increase of $1 for concession holders and $6.40 for full-paying subscribers, it will still be 19 per cent—still 2½ percentage points less than that which Labor saddled the public with a decade ago.

Of course, it is not just the welfare recipients who have to suffer this increase. Full paying customers will move from $22.40 to $28.60. There has been great misunderstanding in the community as to what that means. A lot of people think that all full paying customers will have their prescriptions increased by $6.20. This is not the case. Those PBS prescriptions will stay at $14, $15, $17 or $19—in other words, prescriptions under the $22.40 level will remain at that price. If you buy a $25 prescription, at present you pay a $2.60 co-payment. But a $25 script will not cost you $28.60; it will cost you only $25.

Another thing we should recognise is that a lot of the drugs, especially those used by young families, already cost less than $22.40 and will remain at that price, subject of course to the normal increases that drug companies put on from time to time. A lot of drugs used for the treatment of children—and the opposition have made a big play on this throughout this debate—already cost less than $22. In fact, many of them cost less than $20. Some of the drugs that normal families use that are under $22.40 are, for example, Ventolin at $19.07, Panadeine Forte at $9.43 and Amoxil at $10.46. Valium, for those who need it, is $6.88. Those drugs will retain their existing price structure.

What we have to understand is that at the other end of the scale we have some very expensive drugs. I will just give you a few examples. Celebrex, a much used anti-inflammatory, costs $46.92. Zyban, a drug which is used to overcome nicotine addiction, costs $249.51 per prescription. The antidepressant Zoloft costs $38.88. Some drugs cost up to $1,000, but the client is asked to pay only $28.60. These drugs are heavily subsidised. Even after this co-payment increase, this will still represent only 19 per cent of the overall cost of providing those drugs to the Australian community.

I was going to talk about disabilities, but time will not permit it at this juncture. I would just like to touch for a few minutes on a point that was raised by the previous speaker, for whom I have a great deal of admiration, and that was the alteration of our migration zone. I cannot for the life of me understand why Labor would want to knock that off if they are sin-
cere about what they said during the election campaign—that they want to discourage boat people from coming here. By knocking that off in the Senate and leaving the boundary at the outer perimeter of the existing islands, you are saying to people overseas, ‘Hey mate, if you can make it to one of our islands, you’re right.’ It is going to be much harder for them to make it to the mainland.

Mr Brendan O’Connor—It is an absurd policy!

Mr NEVILLE—It is not an absurd policy; it is a very good policy and it is one that you subscribe to. I am surprised that you have gone soft on it at this stage. Those are my views on one or two of the key issues of the budget. I think the Treasurer has done a remarkable job under the circumstances. I do not like increases in things like the cost of pharmaceuticals. At a later stage I would like to talk about disabilities, but at this time I would say that the budget deserves our support and I commend it to the House.

Sitting suspended from 6.29 p.m. to 8.00 p.m.

Mr KATTER (Kennedy) (8.00 p.m.)—I rise tonight to speak on Appropriation Bill (No. 1) 2002-03. If the Treasurer is to be judged, as any good manager of a business is to be judged, on whether he balances his books, then we could say that the Treasurer is a very good Treasurer. He is most certainly balancing the books. The newspaper noise that was made about $1,000 million would have to be regarded as very petty indeed in a budget of $160,000 million. I venture to suggest that the federal budget includes GST, so we are really talking about $200,000 million, but that half a per cent, if you like, is neither here nor there.

Having said that, if the Treasurer is to be judged not as the Treasurer of the government but as the Treasurer of the country Australia, then unfortunately, like all the treasurers since 1983, starting with Mr Keating, he must be judged very harshly indeed. I regret to say that, but I think he, like his predecessor treasurers, has a very limited understanding of economics or at least of macro-economics. When the Treasurer is speaking, I often feel like shouting out, ‘Mr Treasurer, please read one book on economics. Just do a modicum of research to have a bigger picture understanding of what you’re talking about.’ It is easy to come into this place and reel off words and figures, but you cannot make premises without backing them up with statistical evidence, however much those figures have been prostituted.

In 1982 this country owed the rest of the world $18,000 million. This country, for the best part of the last 15 years, has accumulated an increase in that debt of over $18,000 million. This year it will accumulate an increase in its debt of over $18,000 million. All of us in this place have heard this fact before, but it bears repeating: in all the history of Australia, this nation had only ever traded so badly or lived off borrowings to the extent that it had accumulated a debt in its whole 100 to 150 year history of $18,000 million. Yet, in the short space of 20 years from 1982 to 2002, it has increased that debt from $18,000 million to $332,000 million.

The current government made a big deal over that debt. They had an advertising trailer that went around Australia, and with each passing day they increased the debt on the trailer. I thought it was an excellent gimmick. It sort of came unstuck because the figures went backwards for a bit. But it was a valid exercise to advertise the increase in the debt, because it was a serious matter.

I carry around in my briefcase a statement from 1987 or 1988—I can provide the date of it for the House—made on a morning ABC program by the then Leader of the Opposition, Mr
Howard, who quoted the then Treasurer, Mr Keating, as saying that the current account was then at such a problematical level that this country was in danger of becoming a ‘banana republic’. Mr Howard quoted Mr Keating as saying that when the current account was about $15 billion a year. Mr Howard took the current account under his government to $33 billion.

But it needs to be said, in fairness to the current government, that they deserve very great praise because they did not use the interest rates to prop up the dollar; so, without the interest rates to prop it up, the dollar fell and, as a result of its falling, our international competitiveness improved dramatically. Brazil, as a poorer nation, has decreased the value of its dollar by 82 per cent in the last two years and we, as a competitor in sugar against Brazil, have most certainly felt the pain of that decrease. In the same period of time our dollar also depreciated, by some 30 per cent. But they did it by government fiat, whereas we were doing it by low interest rates allowing the dollar to fall. So the government must be praised greatly.

But you cannot run a government by simply pressing some macro buttons. It is infinitely more complex than that. At some time or other, you actually have to perform; you have to ensure that your industries are internationally competitive. Looking back on years gone by, I do not hesitate to praise the very great work done by John Button. With the expenditure of a few hundred million dollars, which is a relatively small amount of money—although it is still, of course, a lot of money—he was able to render the Australian steel industry internationally competitive. We started with that industry producing about 80 tonnes of steel per worker per year, compared with Korea producing 250 tonnes per worker and the new plant in Taiwan at Kaohsiung producing 600 tonnes per worker. Under the Button plan, we went to 720 tonnes per worker, and became the most competitive steel industry in the world. John Button pointed out the direction in which a government should travel.

Another more relevant and immediate example that leaps to my mind occurred under the Kerin plan for milk, whereby a 6c levy on milk for home consumption was moved across to boost manufacturing milk. The Kerin plan resulted in some assistance being given to the manufacturing part of the industry, the part that exports. The industry went into exports as a result of the stimulation and assistance that was provided, and took our exports from $250 million a year to over $2 billion a year. That is an extraordinary achievement. So we have had these two enormously successful achievements in the Australian economy.

A culture and a philosophy which has dominated this parliament since the time of Paul Keating—the current government most certainly ascribes to the same theories and philosophies—is that of the free market. I have always found it extraordinary that the architects of the free market policies in the Australian government were the ALP, but of course they were. This government has very comfortably moved into their shoes and adopted the same policies. I am sitting here as a member of neither party because I do not ascribe to either of those theories. Hanging on my wall is a picture of ‘Red’ Ted Theodore, the founder of the labour movement, and a picture of Sir John McEwen. These men were interventionists of the highest order. They were intelligent men. When they intervened, they intervened intelligently. Consequently, Australia is a far stronger place than it would have been without those two very great figures in Australian history.

The current account is still whipping along at about $20,000 million a year. I do not see any chance for that abating. Australia really only exports two generic commodities: mining and agriculture. They account for 90 per cent, if you want to do a detailed breakdown. Some figures will argue this because there is downstream processing, but that downstream processing
would not exist in Australia without the upstream natural resource. So if you cut off cattle, there is no processing into meat. If you cut off copper, there is no copper refinery in Townsville.

In Queensland there has not been one single mining lease issued in the last six years, because the Queensland government have decided that they will not trigger the right to negotiate. The companies cannot trigger the right to negotiate, so there is no right to negotiate, so there are no mining leases occurring in Queensland. It is one of two states that produce all of our mineral wealth. Mount Isa’s population has dropped from 30,000 to under 20,000 as a result of the sorts of laissez-faire attitudes and policies of government.

Ironically enough, it was the Labor Party in Queensland that allowed fly-in mining. The big companies and corporations wanted to fly-in mine and that has been absolutely disastrous for the working men of Australia and for the miners of Australia. Industrial unions, such as the CFMEU, have fought a very courageous and very laudable battle against fly-in mining—a battle which they have lost. The net result of it is that these people see their families only rarely and only briefly. The accident rates have skyrocketed in mines throughout Australia. The country areas that once saw jobs come with mining have seen their jobs denuded. Population in the mighty inland city of Mount Isa has gone from 30,000 to under 20,000.

Having said all of those things, the government prides itself on being a low tax government. I think, in fairness, that it has endeavoured to be that. But when you have massive numbers of people tumbling out of the Australian work force because of what is taking place under these policies, someone has to look after them; the public purse has to look after them. We have seen a massive increase in taxation. It amazes me that the opposition has not brought attention to bear upon this fact. The Treasurer has very cleverly taken the GST out of his taxation revenue figures, because he said it applies to the states. But it is a revenue medium introduced by the federal government and applied and administered by the federal government. The state governments did not introduce the GST; the federal government introduced the GST.

The Treasurer, in fairness to him, said that the state governments would reduce their incomes. And pigs will fly! No government getting a windfall from an outside source is suddenly going to decide to cut back all of their revenue sources as a result of that windfall. Surprise, surprise, they didn’t. The fact is that taxation has increased from $147.8 thousand million three years ago to $158.5 thousand million—a $11,000 million increase. Since the introduction of the GST there has been a net increase in taxation of $29,000 million. That makes an overall increase in taxation of $40,000 million.

Up until last year, the states had reduced their incomes—I have not got the latest figures, which will be much worse than the ones I am quoting—by $7,000 million. I think you can safely say that this year they will increase their budgets. I do not think anyone is denying that. Let us take last year’s figures. There was a $33,000 million increase in taxation, which is a 22 per cent increase in taxation over three years. Are they entitled to that? The CPI has gone up only 11 per cent, so the CPI does not entitle them to that. Average weekly earnings have gone up only 10.5 per cent, and obviously that does not entitle them to a 22 per cent increase in their revenue raising. We have seen taxation increase dramatically and, in fairness to the government, it has to. There are now all these people who have to be looked after. They do not
have jobs. Under economic rationalist policies, these people are simply tumbling out of jobs like rain from heaven, and it will continue to occur.

If this country depends for its wealth on what it sells overseas, then we are killing the mining goose that laid the golden egg, the coal egg and the iron ore egg. It is arguably already dead in Queensland. In the field of agricultural production, our cattle numbers are down between 10 per cent and 20 per cent on where they were years ago. Our sheep numbers are down between 10 per cent and 20 per cent on where they were 10 or 15 years ago. Our sugar production is down 10 per cent or 15 per cent on where it was 10 years ago. They are just three of the major commodities. The number of dairy farmers in Queensland and New South Wales has already fallen by some 20 per cent in the first two years of deregulation, according to the Queensland Country Life newspaper. A quarter of those farmers have already gone to the wall. I have now listed four major industries. I could add to that list many minor industries which I am very familiar with, but I want to mention one industry in particular, the fishing industry. State and federal government decisions have reduced the fishing industry in Queensland by about 30 per cent, and they are not stopping there. If all the micropolicies say that you cannot trawl fish and you cannot farm fish, then there is only one source from which we can get fish—importation. According to the figures that have been given to me, we import $70 million worth of prawns every year into Australia. When I was the Minister for Northern Development in the Queensland government, we had planned to export $1,000 million worth of prawns a year. We were simply going on the Thailand model. Over the next 10 years, Thailand increased its production by 100,000 tonnes; Australia increased its production by 1,000 tonnes. The economies of our northern neighbours are going up but our economy is not going like that at all, despite what is argued by the current government.

Built into the GDP are such things as the building of high rises in Brisbane. They do not create any extra wealth for the vast bulk of the Australian population; they just create taller buildings with more prestigious workplaces for all of the super rich element of our society. That money reflects the predatory nature of the shopping centre phenomenon in Australia: we will build a bigger shopping centre than you, and your shopping centre will empty out and die. Bigger and better shopping centres do to some degree increase our quality of life, but that is not the sort progress that has made this country rich and powerful, as it once was. In the past, the sorts of things you looked at were the Snowy Mountains Authority, which produced some $10,000 million income each and every year for this country. It is now denigrated by every politician that one runs into in both the state and federal spheres—this terrible thing that we did in instituting this wonderful scheme! I must pay tribute to the Leader of the ALP in the last election campaign, who was asked on the Business Sunday program what he was going to do about employment. He paused for a moment to think about it and then said, 'I will answer your question this way: the most wonderful thing that ever happened in this country was the Snowy Mountains Authority,' and so it was. Mr Chifley, Mr Menzies and Mr McEwen should be very proud as the architects of that very wonderful scheme.

We have debated in this country whether we can have a population of 20 million. The Premier of New South Wales tells us that we cannot sustain a population of 20 million. I have on many occasions in this place explained in very great detail that North Queensland alone can sustain a population of 60 million on the Murray-Darling model, because we have six times more water and maybe twice as much arable land. The schemes are there; the wealth and re-
Mr MURPHY (Lowe) (8.20 p.m.)—I am pleased to have the opportunity tonight to speak to Appropriation Bill (No. 1) 2002-03 and Appropriation Bill (No. 2) 2002-03. I want to use this time to give voice to the anger and disappointment the constituents of my electorate of Lowe have expressed to me since the budget was handed down. Overwhelmingly, no-one can understand why the government has chosen to ignore the ongoing crisis in aged care, to target budget cuts to disability pensions while failing to support disability services and to make health care less accessible to low- and middle-income Australians by cutting the Pharmaceutical Benefits Scheme at a time when fewer doctors are bulk-billing and most are under terrible pressure due to the crisis in medical indemnity insurance.

Mr Katter—They have not got the money to do anything else.

Mr MURPHY—The member for Kennedy is right. Let me begin with the government’s response to aged care in Australia. Unfortunately for older Australians in my electorate of Lowe and for anyone committed to quality aged care, this year’s federal budget offers little in the way of policy initiatives to solve the worsening shortage of aged care places, the decline in federal funding for new aged care facilities, the ongoing problem with aged care facility viability and the urgent need for more trained aged care nurses. Sadly, the budget was a major disappointment for many Australians, largely due to its shortsightedness—illustrated by cuts to disability support and the reduction in affordable access to medicines delivered in the name of border protection. The budget did not address any of the immediate concerns facing Australian families every day, nor did it offer any direction for the future. Instead, the government again sought to exploit people’s fears. We saw that today and yesterday in question time.

Maybe we could have forgiven the lack of direction of the government if it had made some effort to address the problems facing the most vulnerable members of our community: the poor, the elderly and the disabled. As far as aged care is concerned, it is irresponsible to view aged care issues as too hard or not directly affecting all Australian families. Budgets are about choices and government priorities. This year, Mr Howard and Mr Costello opted to take $52 a fortnight away from 200,000 disabled pensioners while proposing to give a tax cut to the wealthiest three per cent. They propose to do this by cutting the superannuation surcharge. This tax cut will cost the government $370 million over three years; it will reward people who are well off.

Labor will not support these unfair measures. There is a better way than to target those who cannot afford to defend themselves. Despite the critical shortage of nursing home beds and community care packages, the government did not see fit to announce one new nursing home bed. Budget papers show that the government actually saved $152.1 million last year and is planning to save $174 million next year from the aged care budget—a total saving of $326 million. The government has removed this money from aged care and returned it to general revenue because it says—I quote from Budget Paper No. 1, page 2-8—there has been ‘a fall in estimated demand for residential aged care services’.

This claim is both cruel and absurd. Many families in my electorate of Lowe and indeed across Australia are desperately seeking a bed in a nursing home for a loved family member but just cannot find one. Data released last month by the Australian Institute of Health and Welfare showed a shortage in 2001 of more than 11,500 nursing home places, which was up...
10 per cent on the previous year. I understand the government has dismissed queries about the supposed drop in demand by saying that savings have been made because there has been less demand for low care residential services as people are choosing to stay at home and take up community aged care packages. If that is the case, why isn’t the money being redirected to those much needed packages? Why has the Minister for Ageing allowed $326 million of aged care funds to be lost to general revenue? In my electorate of Lowe, there are some 36 nursing homes with almost 1,800 residents. My electorate contains one of the highest proportions of people over 65 years of age, approaching some 20 per cent.

Aged care needs an increased spending commitment. There are no short cuts to solving this growing problem. Older Australians are waiting in hospital beds while their families are madly praying that a suitable nursing home bed becomes available, placing an unnecessary strain on our public hospitals. There is no way the government can justify taking $326 million out of the aged care budget. The government made too many irresponsible pre-election promises. For example, the tax cut to the wealthiest three per cent of taxpayers will cost $370 million. The Howard government was able to find $4.5 billion to speculate on the foreign exchange market, hundreds of millions for immigration spending, billions extra for defence and $2.5 billion to subsidise the private health insurance industry. Unfortunately, the government could find only $72 million to address the growing pressures on nursing homes and community organisations that provide support and care to older Australians.

Community organisations are left struggling to provide the support services that would enable older Australians to remain in their own homes. With the national wage gap between aged care nurses and their public sector counterparts being $84.48 per week, I do not imagine the rare additional funding provided in the budget will be enough to address the wage disparity and stem the flow of experienced nurses out of aged care. The budget did not address any of the other cost pressures building on nursing home operators such as public liability insurance—recently there have been increases of 380 per cent in premiums—workers compensation premiums, excessive documentation attached to the current residential classification scale validation process and capital costs associated with the accreditation regime. These issues need to be addressed if we are to place the aged care system on a realistic funding basis. Sadly, the budget did not adequately address the work force issues that are currently causing great distress to operators and their staff. The government knows very well that 250 nursing scholarships and $21.2 million for training are not going to greatly enhance the sector’s capacity to recruit and retain qualified nursing staff. It is clear that the government is failing older Australians and is placing more and more emphasis on covering its tracks.

It was also very disappointing to see that the budget will cut disability support pensions. Whilst I am sure Australians would support genuine disability reforms, the government has only provided crude cost cutting that will actually diminish the ability of the disabled to engage in work and move off benefits. This is causing enormous stress for the disabled and their families. Even worse, the government continues to refuse to pay SACS award entitlements to disability workers in New South Wales and is set to remove a further $100 million in essential funding from disability services across Australia.

For some, it is very easy to ignore the problems facing elderly and disabled Australians. Unfortunately, the government proves it every day. The cuts that will hurt many families in my electorate are the cuts to the Pharmaceutical Benefits Scheme. Those families will be among the 300,000 Australians who will now pay $28.60 for each prescription, up $6.20 per
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script, up to a total of $190 extra each year for their essential medicines, as the general safety net goes up from $686.40 to $874.90. From 1 August 2002, many more millions of Australians will pay 30 per cent more for their essential medicines every time they go to the chemist. Pensioners and cardholders will now pay $4.60 for each prescription, up to a total of $52 a year more for their essential medicines, as the concessional safety net goes up from $187.20 to $239.20.

When Labor left office, age pensioners were fully compensated through the pension for their pharmaceutical costs. From August they will be $1.70 worse off each time they fill a prescription and up to $88.40 worse off each year compared to 1996. While there need to be savings reforms to ensure the long-term viability of the Pharmaceutical Benefits Scheme, these should remain as much as possible in the range of structural and administrative changes, such as increased focus on the cost and prescribing patterns of new drugs in their first year on the Pharmaceutical Benefits Scheme, the inclusion of the full cost of the medicine on the label so that consumers are aware of the cost, tighter controls on direct-to-consumer advertising and greater scrutiny of industry marketing.

An unfair and unjustified nearly 30 per cent increase in the cost of essential medicines for pensioners and families under financial pressure has nothing to do with either health policy or the long-term viability of the scheme; it has everything to do with rescuing the government’s budget deficit. These increases to the cost of essential medicines are on top of the $500 million extra that Australians are paying for increases in private health insurance premiums. At the same time, more and more doctors have stopped bulk-billing. This means health care is becoming more expensive and out of reach for low- and middle-income Australians.

I know that the member for Lingiari will be speaking after I have concluded and I am sure he will have a lot to say about the impact on health care for the people he represents and the impact of this budget. If the government’s lack of commitment to public health care continues—and the budget proves that it will—we will have abandoned the health system that Australians have always relied on, for a US-style credit card health system reserved for the wealthy and the privileged.

Finally, I want to raise again the government’s obsession with selling Sydney airport and the implications that that has for my constituents in the electorate of Lowe, and the failure of the government to deliver on its promises in relation to aircraft noise over my electorate. When the government introduced the long-term operating plan, it promised that only 17 per cent of movements would be to and from Sydney airport to the north. Since the long-term operating plan for Sydney airport was introduced, aircraft noise has increased by 50 to 100 per cent. The government has failed to honour its commitments to not only my constituents in Lowe but the residents of the inner west, because it promised that it would deliver fair and equitable noise-sharing and that it would not sell Sydney airport until the aircraft noise problems in Sydney were resolved.

The government have failed miserably, and the Deputy Prime Minister is accountable for his dishonesty in answering the multitude of questions on this very important issue that I have placed on the Notice Paper by saying effectively that the long-term operating plan has substantially been implemented. It has not. Moreover, the government have abandoned the commitment for the building of a second airport at Badgerys Creek to provide relief from aircraft noise for the residents of Sydney’s inner west. In fact, the government have made Bankstown
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Airport a de facto second airport for the residents of Sydney, which is disgusting. I want to condemn this budget because of the reasons and the issues that I have raised in this speech tonight. I look forward to hearing the member for Lingiari, who, I am sure, will give another important insight into how this budget has let down not only the people in the inner west of Sydney but also those who live in remote areas of Australia, such as the constituents that he represents.

Mr Snowdon (Lingiari) (8.36 p.m.)—I am pleased to be able to contribute to this debate on Appropriation Bill (No. 1) 2002-03. Firstly, let me endorse the remarks which were made in the speech by the Leader of the Opposition in reply to the budget. The Leader of the Opposition succinctly put the position of the Labor Party and its attitude towards this budget. At the time, the Leader of the Opposition said that Australia needed a new, modern direction—a direction that is being ignored by the Howard government with its budget outcomes delivered by slugging the most vulnerable in our community. To make it clear, Labor is not, unlike the government, into slugging the sick, the elderly, the terminally ill and struggling families. Labor is about addressing disadvantage and about dealing reasonably with the requests of people such as those who work in the Australian Defence Force. These requests have not been dealt with properly and fairly by this government.

There was a valid expectation by Australian Defence Force personnel that they would have some of their most significant concerns addressed by this budget. Those concerns included the impact of fringe benefits tax reporting requirements on Defence Force personnel and their families. At the last election, Labor took the position that the ADF should be exempt from FBT requirements. It is not a position which has been adopted by the government. As a result, over recent weeks, many families in Northern Australia have been getting assessments on their fringe benefits tax which have substantially increased their incomes for assessment purposes and meant a reduction in allowances in terms of benefits which they would otherwise have received. This is a matter of great concern but it does not seem to have hit the mark at all with the government—just as the government has failed to address the ongoing question of remote locality leave travel entitlements for these same personnel. It is not my intention to address in any more detail the issues of Defence Force personnel at this time; I will take opportunity to do that at a later time.

The Leader of the Opposition has outlined the means by which the government could still meet its budget targets by increasing big business tax compliance measures to make sure they pay the tax they owe and by cancelling unjustified big business tax concessions. Labor understands that we need a strong economy and a fair society.

I want to concentrate now on my electorate of Lingiari, a newly established seat which provides a good measure of how we as a nation are achieving outcomes. For your information, Mr Deputy Speaker Mossfield—and I am not sure how big your electorate is; I suspect it is 100 square kilometres or thereabouts—the seat of Lingiari is 1.3 million square kilometres. The 2001 census information released this week gave some significant insights into the nature of that electorate. For example, of the total population of 92,770, 45.3 per cent are Indigenous Australians. I will repeat that figure: 45.3 per cent of the population of Lingiari are Indigenous Australians. We also know as a result of these figures produced by the census that over 36,000 of these Indigenous Australians have a language other than English as their first language. We also know that the electorate had, in addition to those 92,770, 20,000 interstate and overseas visitors on census evening. I think there is an underestimation in the census of the
proportion of the population of Indigenous people, simply because this is a measure of the population at one point in time and it relied upon them being home and available to report.

We know that the Northern Territory as a whole, of which Lingiari is a significant proportion, is the youngest jurisdiction of Australia, with a median age of 30 years. This compares with a national snapshot with a median age of 35. Nationally, Australia’s population is ageing, which is attributed to a low fertility rate and increased life expectancy. The census revealed that the Indigenous population is a relatively young population, with more than 58 per cent under the age of 25 and only three per cent aged 65 or over. By contrast, the Australian population generally has a much higher proportion of older people: 13 per cent of 65 or over, with only a little over one-third, 35 per cent, aged over 25. I will compare that data again: 58 per cent are under 25 in the Indigenous population and 35 per cent are under 25 in the non-Indigenous population. That has grave implications for the delivery of government services. I have not had time to look at the detail of the electorate in terms of this census data, but it is fair to say that, given the high proportion of Indigenous Australians, it is probably the youngest electorate in Australia. The Territory also has the highest number of English as a second language speakers.

The news this morning reported that as a nation we are more likely to live alone, and the average household continues to shrink. This is said to be psychologically unhealthy. This is definitely not the case in my electorate. In the coming weeks, I look forward to looking at the census information in more detail. At this stage, I can say that at communities such as Wadeye or Port Keats reports that we are more likely to live alone would raise an ironic smile. Port Keats is characterised by large households and unmet demands for housing needs. There is little chance of being psychologically unhealthy due to loneliness in most Indigenous communities in the Territory. It is more likely that you are unhealthy due to overcrowding and lack of housing maintenance.

I wish I could stand in this House and present the electorate of Lingiari as a glowing example to multicultural Australia, progressing economically and ensuring fairness to all. Unfortunately, this is not the case. But there is the potential for this to happen. I am not the first speaker in this House to sing the praises of the possibilities of regional Australia, particularly the Northern Territory. The electorate of Lingiari is young and it has potential, but it requires from government a commitment to provide infrastructure and to be involved in partnerships that foster development and appropriate steps that enable benefits to be shared by all members of the community. This budget did not deliver these outcomes. However, I am pleased to say that in the electorate of Lingiari there are such partnerships occurring, in many instances despite government. I want to acknowledge the skills and goodwill of government players, where government has been involved, and private sector partners that are involved in such activities. I want to mention two examples, although I will come to those in a moment.

The issue that I want to briefly elaborate on is public housing. There is a chronic housing deficit in the seat of Lingiari, which has not been addressed by this budget. There has been no attempt by this budget to overcome and address the indicators of mass poverty that exist within the seat of Lingiari. I am concerned about that. As well as ensuring that we have sustainable economic growth in this country, we should have policies which bring about a measure of social justice. Unfortunately, in my view, this budget is a long way away from that view.
I want to refer briefly to an initiative in the Northern Territory that I believe can and does make a difference. It enjoys a great amount of support from sections of government, Indigenous interest groups and industry, and that is the Aboriginal Mining Enterprise Task Force. Many companies, individuals and industry training organisations are benefiting from partnerships and networks developed through the Aboriginal Mining Enterprise Task Force. This body is ensuring that as developments in the mining and transport industry take place in the Territory, there will be opportunities to increase Indigenous involvement in all aspects of the mining exploration industry while at the same time maintaining cultural imperatives. I want to congratulate members of the task force for increasing employment opportunities for Indigenous people and removing impediments to Indigenous employment.

I have spoken on many occasions in this chamber about the need for constituents in remote electorates like Lingiari to be provided with basic services equal to those that exist in the urban electorates in the southern states. Tonight I want to mention two examples: first, the need for basic educational services and, second, the need for basic road infrastructure. In the electorate of Lingiari, 45.3 per cent of the population is Indigenous. A very high percentage have English as a second, third or even fourth language. The challenge for potential employers of Indigenous employees is to overcome the barrier of low levels of literacy and numeracy. Yet in the electorate of Lingiari education resources have been neglected. To be fair, that neglect has been largely the responsibility of the former Country Liberal Party government in the Northern Territory, whose primary responsibility it was to provide educational services. Unfortunately, to their shame, they abdicated that responsibility, so many Indigenous Territorians have no access to educational services. There are limited opportunities to attend training and higher education programs; in fact, they are nonexistent for most. This is where the government has to step in and do its bit.

We know from the census information released yesterday that, of the non-Indigenous population in Alice Springs—the largest centre in my electorate—41 per cent of people aged 15 and over have completed year 12 or equivalent. Compare this with the Indigenous population, where the percentage drops to only 11 per cent. And 95.6 per cent of the non-Indigenous population of Alice Springs aged between four and 14 are in school, compared with only 84.3 per cent of Indigenous students. These figures should make alarm bells ring within government.

I have to say that, whilst there has been a lot of rhetoric spoken in this place and outside by various government ministers—and indeed the Prime Minister—most particularly the minister responsible for Indigenous affairs, there is little in this budget that gives me any comfort that the government has got any real understanding of the needs of the Indigenous population of Lingiari and the population generally in remote Australia. A lot more can be done, but it will require a great deal more innovation and a strengthening of partnerships between Indigenous communities and the Northern Territory and federal governments. I will give some credit to the minister, because last week I was fortunate enough to be able to travel with him and the responsible Northern Territory government minister, John Ah Kit, to a number of Indigenous communities to demonstrate that partnerships can work between levels of government. I say to the minister and to the government that, if we are to address the enormous poverty gap which exists in remote Australia, particularly among Indigenous Australians, there needs to be a great deal more investment of government resources. This budget does not deliver that investment.
The other issue that I will briefly touch upon and that I have mentioned here on a number of previous occasions is the question of road infrastructure. I mentioned earlier that the electorate of Lingiari is 1.3 million square kilometres. You would think that the government would understand that, given the dispersed nature of the population, the isolated nature of many communities and the fundamental need for appropriate transport and communication infrastructure, they should do something reasonable about the roads. Of course, that is not the case. As I have had cause to mention previously in this place regarding the Territory’s share of the funding from Roads to Recovery, there have been significant variations from established practice in terms of funding arrangements which have caused great disadvantage to the Territory generally and to Lingiari in particular.

The Territory received $20 million for its regional roads under this program. Contrast this with the Deputy Prime Minister’s seat of Gwydir, which received $39 million. That electorate is one-tenth the size of the Northern Territory. Remember that, because of the GST, Territorians pay higher costs for food and also for fuel, which obviously has further implications in the amount of GST they pay. In remote Australia we pay more tax than our urban brothers and sisters do. That issue has not been properly addressed by this government, and it is replicated not only in the broad question of the cost of food and other items but also in such fundamental questions as how we deal with the issues of social disadvantage which this government has failed to acknowledge or accept the challenge to meet through this budget.

Mr WILKIE (Swan) (8.51 p.m.)—It gives me no pleasure to rise to speak on Appropriation Bill (No. 1) 2002-03 and the 2002-03 federal budget. Not surprisingly from the opposition benches, it would be rare for me to heap praises on the Treasurer at the best of times for any other measures that he is likely to introduce. However, it is impossible to find anything in this budget that addresses the priorities that we as a nation face. It is a mean, tricky and out of touch budget. It is a budget without hope.

Just as the government demonstrated during the 2001 election campaign that it lacked a vision for the future of Australia, the 2002-03 budget only serves to reinforce the clear priorities of this government. The priorities of this government are not leadership or making Australia a better society, community and economy; nor are they providing assistance to those most vulnerable and deserving in our community. The priority of this government is the ongoing lap of honour by the Prime Minister as his political career draws to a close, at the same time as the Treasurer is busy writing his job application so that he can satisfy his prime ministerial ambitions.

Of the budgets handed down during the time that I have been a member of this House, this budget ranks as quite clearly the worst that the Treasurer has delivered. It is almost as venomous as the budget the government delivered in 1996, when it ripped the guts out of health, education and other social services. A few years ago, when the Treasurer commented how few additional budgets he had left in him, we should have realised that he had reached his use-by date—and that has long since expired. His most recent budget shows that he is not up to the task of being Treasurer of the Commonwealth of Australia and that most certainly he is not capable of holding the office of Prime Minister of the Commonwealth of Australia.

The 2002-03 budget reinforces Treasurer Costello’s economic credentials. His economic credentials are quite simply that he is the highest taxing and highest spending Treasurer Australia has ever had. His economic credentials are definitely not those of a responsible manager.
of the economy, as he would have had us believe in the 2001 election campaign. The 2002-03 budget leaves such assertions in tatters. Despite being the highest taxing Treasurer ever, his ridiculous spending to buy the government’s way back into office has caught up with him.

The revenues the government now receives through the GST should have allowed this highest taxing Treasurer to strengthen the Commonwealth budget position by keeping the budget in surplus. This is particularly significant, given the importance he has placed—evidenced by the regular public statements that he has made—on the national economy and keeping the budget in surplus. Clearly, talk is cheap for the Treasurer. He says, on one hand, that preserving a budget surplus is important and that budget deficits have significant negative consequences for the economy; but, when it comes to matching these words with his actions, his integrity is found wanting. He has shown he is prepared to sacrifice responsible economic management to save the government’s electoral fortunes. But he cannot even be honest about it.

Since 1999, when the government moved to using outcomes and outputs methods of budget reporting, the level of detail in budget information has been dramatically reduced. The Treasurer’s methods of reporting budget information make scrutiny by the parliament and the public that much more difficult. This scrutiny has a much greater importance given the information the Treasurer publishes for his constituents. The Treasurer would have his constituents believe that he has delivered his sixth consecutive surplus, when the reality is a cash deficit of $1.2 billion. Despite the misleading information that the Treasurer distributes to his electorate and the clever accounting tricks he uses to try to avoid scrutiny of his budget, the Australian Labor Party will not fall for the con. We have used and will continue to use Senate budget estimates to dissect his budget and reveal every single spending measure it contains. Labor will tell the Australian public the truth about this budget. Labor will tell the Australian people the truth about this government’s entire economic incompetence. Labor will tell the truth about the government blowing nearly $1 billion on 40-year-old helicopters that are still not operational. Labor will tell the truth about Treasurer Costello’s gambling habit.

There are a few specific measures in the 2002 budget which I wish to address as they highlight the misguided priorities of the government, also its mean-spirited approach to the most vulnerable in our society and the complete absence of any vision for Australia. By most people’s definition, recipients of the disability support pension are doing it as tough as any group in our community. They face a daily struggle to maintain their dignity and quality of life, and I rank them amongst the bravest in our community. They are also amongst the most deserving of support from the government and the broader community. This support also includes adequate government funding for pensions and other assistance programs. It therefore must be asked just how the government could have justified its proposals to cut the disability support pensions of 200,000 recipients by $52 per fortnight.

In my electorate of Swan this means approximately 1,200 to 4,000 recipients of the disability support pension could be on the receiving end of these cuts. Since the budget, my electorate office has received a constant stream of inquiries from constituents concerned about these proposed changes and supportive of Labor’s intentions to block them. Not one has said not to block these changes. Not one has said these changes are a good idea. Not one has been able to understand why the government is proposing them. Does the government believe that these people are doing it easy on the disability support pension and therefore they need to rein in their extravagant lifestyle? Well, it has yet to come up with an appropriate explanation for
these proposed cuts, simply because it cannot. For these reasons Labor has signalled it will not support the legislative changes necessary for their implementation if and when they come before the Senate. Labor will not succumb to the government’s attempt to blackmail it into changing this position. ‘Blackmail’ is the only way to describe the government’s suggestion that it would withhold the $100 million going to the states for disability programs if its proposed changes were blocked in the Senate. Such a threat is a measure of a government without honour or integrity.

The Australian Labor Party has also demonstrated that the government does not propose to guarantee that the disability support pensioners who have their pension removed if these proposed changes are implemented will receive training or rehabilitation assistance. Having worked in the employment sector prior to entering parliament, I know that this is not how you assist people to find work. Throwing the most disadvantaged in our community onto the scrapheap is this government’s definition of welfare reform.

The Pharmaceutical Benefits Scheme, as part of the medical system in Australia, has as one of its underlying principles the concept of a safety net. The safety net ensures economic circumstances do not prevent individuals from having access to adequate medical services. The changing profile of Australia’s population means that the PBS will face growing pressures into the future. As the population continues to age and accesses pharmaceuticals to treat a multitude of illnesses and conditions, the cost of maintaining the Pharmaceutical Benefits Scheme will grow. The Treasurer used his Intergenerational Report as a smokescreen to justify imposing dramatic additional costs for some pharmaceuticals on those who can least afford these measures. The proposed changes will shift even more of the cost burden of pharmaceuticals onto seniors and pensioners. Many will be forced to choose between buying food or a prescription.

The proposed increase of 30 per cent means that essential medicines will cost 70 per cent more than when the coalition came into office in 1996. Thirteen thousand age pensioners in my electorate of Swan will have to find up to an additional $52 per year in their household budgets. These are household budgets already stretched to the limit by the GST. The choice between medicine and food, or medicine and heating, or medicine and the telephone, will be a reality in these households. The reality is that these seniors will have their health, their quality of life and their dignity eroded.

For an electorate with a population profile like that of Swan, the government’s proposed changes will hit especially hard. A significantly higher percentage of the population of Swan are aged over 70, when compared with the national average. Consequently, there are almost twice the number of high-level aged care service places in Swan per thousand population than the national average. The existing medical services available to residents of Swan, when measured in terms of the number of hospital beds per thousand head of population and the number of general practitioners per thousand head of population, are well below those of the national average. Put simply, the people of Swan do not have access to medical services that are sufficient for their needs. The changes that the government is now proposing will only further widen the gap between the services the community I represent requires and those provided for it by this government.

Again, the government is dishonest when it tries to justify these increases. These increases are not about making meaningful reform to the Pharmaceutical Benefits Scheme so that costs
are contained. They are all about getting the government out of its financial hole because of its irresponsible spending prior to the 2001 election. If this government were serious about reforms that contained the costs of PBS, it would be forcing the multinational pharmaceutical companies to justify the costs of medicines. It would not be allowing multinational pharmaceutical companies to build the costs of lavish promotions to doctors—encouraging doctors to prescribe particular medicines—into the total cost of medicines. These unjustifiable costs are ultimately passed on and picked up by the Pharmaceutical Benefits Scheme.

The two measures that the government proposes are supposedly necessary because of the increased spending on defence associated with Australia’s involvement in the war on terrorism. Labor has continued to support Australia’s involvement in the international coalition undertaking this task, and Labor recognises that this will come at a cost. But Labor has also not shied away from highlighting the inadequacies of many of the government’s responses to the events since September 11. Labor continues to offer its support to practical legislative measures to combat terrorism. To date, we have not seen any. More than eight months after September 11 the government is still not capable of coming up with an appropriate and effective legislative framework to combat terrorism. Its attempts at legislation on this issue have been nothing short of an embarrassment.

Given its inadequacies in legislative support for the war on terrorism, it is no surprise that the 2002-03 budget demonstrates the government’s economic inadequacies. Labor has exposed the real extent to which the government is funding our defence forces. The defence budget will receive only an additional $107 million in 2002-03, and defence spending as a percentage of GDP will actually fall by 2005-06. The government’s claims that cuts such as those proposed to the disability support pension and the Pharmaceutical Benefits Scheme were necessary because of increased defence commitments have a hollow ring about them. They were necessary because this government cannot manage the economy. This government has a spending habit and a gambling habit, but it is expecting the least able to pick up the tab.

What I am proud to speak on is the alternative offered by the Australian Labor Party. The Leader of the Opposition demonstrated through his budget reply speech the clear differences between the government and the opposition. Labor is about securing our nation’s borders and also securing our nation’s future. Labor’s goal is a strong economy and a modern society. Labor is about protecting workers’ entitlements, paid maternity leave, a better education system that contributes to a more productive work force, preservation of our environment, cutting tax on superannuation and responsible economic management.

The Treasurer did not tell us in his budget speech about his vision in any of these areas. We can only assume that he does not have one. His only vision right now seems to be that of becoming Prime Minister. His only policy on employment is securing for himself promotion to the job of Prime Minister. He should stop dreaming of the Lodge and start focusing on what is happening at the kitchen tables of the households he has clearly forgotten about.

The Australian people cannot take any comfort from this budget. It masquerades as a plan to secure our borders when, in reality, it only promotes insecurity at home. Disability support pensioners cannot feel any more secure from this budget. Seniors cannot feel any more secure from this budget. Employees cannot feel any more secure about guarantees to protect their entitlements from this budget. Australians cannot feel secure that they have a national government with leadership, vision and responsibility—they just do not have one. Those qualities only reside with the Australian Labor Party.
Mr SIDEBOTTOM (Braddon) (9.04 p.m.)—Tonight, in rising to speak on the Appropriation Bill (No. 1) 2002-03, I want to talk about two 40-year visions. One is a very pleasant one: I announce the engagement of a fellow member, Michael Danby, to the lovely Amanda Mendes Da Costa. We celebrate their engagement. I hope it has a span of 40 years and more, and that is a wonderful vision.

The other 40-year vision that we were asked to ponder this evening—and for the last week or so, for appropriations—is the so-called vision outlined by the Treasurer in the budget. It ‘poses a frightening future for tomorrow’s battlers’. Those are not my words; they are the words of Mr Toby O’Connor, the National Director of Catholic Welfare Australia. I do not think he could express it any better than he did in his press release of 14 May 2002, and I would like to remind colleagues present of what he said:

Rather than setting the foundations for an inclusive Australia, with employment and social opportunities for all, Costello’s vision implies more of the same. While the well-off continue to make hay in the economic sun, the unemployed, disabled and other welfare recipients are again expected to bear the burden of savings to preserve the nation’s low-interest lifestyle.

Mr Toby O’Connor makes a very relevant point when he says:

This budget fails to deliver a social dividend.

In effect, we have the two important issues of border protection and the war against terrorism funded at something like $500 million plus—and I suspect it is rising; no doubt we will find out the full cost of that in the future. Domestic security, border security and the war against terrorism are very important areas, but the people who pay for this expenditure are the battlers. The very people the Prime Minister prided himself on representing—indeed, he regards them as being responsible for his victory in 1996—are the very people he is prepared to slug to pay for not just those important areas of concern in this country but his deficit. That amount only makes up half the deficit. I am no economist and I give due respect to those who are very versed in economics—indeed, this room is full of them. The bottom line stuff bores me to tears, quite frankly, but it is what we hear from the Treasurer all the time, as you would expect. We have found out that we have a deficit—the thing we were never, ever going to have.

Mr Hatton—He has brought them back into fashion.

Mr SIDEBOTTOM—Indeed. Three years ago the Treasurer forecast a surplus in 2001-02 of $14.6 billion. It is now a $1.7 billion deficit. This is despite the fact that we have the highest taxing Treasurer and a forecast lift in growth. I am really pleased that our economy is growing. We are certainly doing it on the back of consumer expenditure and debt. I only hope that we can manage that debt as we can for our own country. Before you jump in and ask, ‘What happened under 13 years of Labor?’ let me say that I want to deal with the present, not the past, and I want to concern myself with the future, as I am sure you all do in this place.

We are living in debt. I would not mind so much—and I could respect the Treasurer, the Prime Minister and those who are so quick in jumping to support these two very important people in our country—if they had not squandered so much money prior to the last election. We all know it was billions of dollars. It is not just me who says that. I have to rely on the economic experts around the country who analyse the bottom line, day after day. For instance, the headline of an article by Mr Ross Gittins in the *Sydney Morning Herald* on 3 June 2002 reads ‘Much more taxing than axing’. Mr Gittins says:
Peter Costello’s record as a revenue gatherer is not one a Liberal Treasurer could be proud of—and it’s painfully clear that he isn’t.

He goes on to expose in this article that Peter Costello is a clone—a forbidden process in this country—of the Prime Minister when he was Treasurer. Indeed, he was a massive taxer of the Australian people. Again, I do not know much about economics, but I believe that the Treasurer forgot to mention the GST in relation to revenue, but the Auditor-General and a few others spotted it. They have been taxing more than they have been axing, but they do not mind axing pharmaceutical benefits and disability support pensions. Another example is in an article by Kenneth Davidson in the Age on Monday, 3 June. The headline says ‘Costello gambles, and we all lose’. I will not go into all the detail of the article because a lot of it is very difficult to follow, but the sub-heading says: ‘The government’s losses on foreign currency exposure point to one thing: it has no idea what it is doing.’ I will take his word for it.

Let us look at some of the waste, the mismanagement and the mistaken priorities of this government that have taken us into deficit. In relation to currency losses, it has lost $5 billion over four years. It has spent $1 billion over the past five years in advertising—goodness gracious. We have the helicopter issue. We have all heard the attempted answers in parliament recently; they were extraordinary. I would have thought that the Minister representing the Minister for Defence might have read the brief some time in the last three weeks. In relation to bank charges, the Auditor-General revealed in April that the government overspent $150 million because of sloppy management. And on it goes. What is the cost of the Pacific solution to this nation? The baby bonus, of course, is a case of mistaken priorities—again, those who can most afford it gain the most. The superannuation package is aimed at the wealthy. Only 0.5 million of 8.7 million job holders will actually benefit from the package. And let us not forget these nifty little plans to deal with Telstra.

The government have squandered this money and we are in deficit. Again, based on a lot of debt, we luckily have a bit of growth going, which is terrific. We have employment in parts of Australia, which is terrific, but unfortunately not in my electorate. I congratulate all those involved with that. Interest rates are commencing to climb and, of course, this will affect most especially those in debt. Inflation is still ticking away, fortunately. It is still low, and we hope it remains that way, but I doubt it. I certainly hope that we do not suffer that scourge of high inflation again.

Where are we going with this budget? Somebody has discovered a 40-year vision. We have the Intergenerational Report—whoopy-do! The census came out yesterday—as if we have not discovered before demographics, population changes and so forth. How are we going to pay for the 40-year vision? I know. The government have said, ‘The Pharmaceutical Benefits Scheme will break us, so we had better break it now, and those who are on it and who can least afford pharmaceuticals can pay for it. But we will give some breaks to those in the highest superannuation bracket.’

Mr Hatton—It sounds like—

Mr SIDEBOTTOM—It sounds a bit warped actually. Anyway, there are obviously ideological reasons behind all this but they are beyond me. Those families that rely on pharmaceutical benefits will literally pay more. I think we all agree in the House, and it has been stated many times, that we need to look at the Pharmaceutical Benefits Scheme and we need to tackle it. But we can do it in a variety of ways, and we have offered a variety of ways to try to tackle this in the future, particularly its processes and how it is managed. But what do we
get to deal with the 40-year vision? The government say, ‘Slug them now; fix them now. Those that can least afford it—families on low budgets and also pensioners—can pay.’ That is their intention. Those who can least afford it will pay the penalty.

The one that has really stuck in my craw is the whole attack on those on disability pensions. I suppose the government have done their focus group surveys and looked at them and said, ‘There are a lot of people in Australia; I don’t mind supporting people who need the support but if you don’t you won’t get it.’ There is a bit of logic to that, and I think there is a general rule of fairness involved. But you can target these people because there are people hurting in Australia. The so-called middle income earner, the person who is supposed to be doing okay but is not, wants some blood and some victims, and the best ones are those on disability support pensions. Unfortunately, in my electorate there are 5,000 of them, and those people are very concerned that they are going to lose their $52 a fortnight and the auxiliary services that go with it.

The Treasurer, in the budget, talked about external and internal fear but then he turned around and talked about disability pensions and pharmaceutical benefits. It struck me that the whole thing had an ambience of pessimism and despair. This is the guy who I believe quite frankly does have a bit of social democratic principle in him—and it will be on the record. But I can see none of it in his budgets, and I am surprised and appalled by it. I am a fair man.

Government member interjecting—

Mr SIDEBOTTOM—No, it is in the blood. It must be. It is there somewhere. The other thing I looked for in the budget was a mention of education. Again, this Treasurer never mentions education. I think he has mentioned it nine times in the whole time that I have been in parliament, which is not as long as my esteemed friend, the member for Cunningham, who has just arrived. There is hardly a mention of education. There were a few droplets put in for us, but effectively that was about indexation. I never heard a word about helping those people whose children must move away from home to study and giving them some sort of support—an issue I have raised in this House several times—to overcome the differential in accommodation costs. It is not just me going on about this. I noted that the National Farmers’ Federation made a special plea in the budget process for this. The Isolated Children’s Parents’ Association of Australia say it is ‘out of focus in the Year of the Outback’ and ‘a blurred vision for rural education’. That is their assessment of it. I reckon they are fair supporters of the present government who are totally disillusioned with its comments on education and the lack of funding for education. There is no vision there, and this is supposed to be the 40-year vision for the future.

I congratulate the government for effectively maintaining the promises they made to Tasmania in the election. Of course, I will monitor that very carefully, as one must. The Prime Minister has taught me never to take anything at face value, particularly what is on paper. I particularly congratulate the government on the Bass Strait Passenger Vehicle Equalisation Scheme, although we had to push them pretty hard to stop the mean differentiation between motorhomes and campervans. One of them was going to get the concession if it had a toilet in it, but if you did not have a toilet you could not have the concession. Now I am going to pester the government about bikes and motorcycles with sidecars. I look forward to fighting that campaign with them. I did notice in the budget that there was an allocation for aged care capital works in regional and remote areas. I thought it was $100 million when in actual fact it
was $79 million. There is not going to be much over four years, but I will be particularly interested to see how they go in supporting the Circular Head community in terms of their future with aged care.

Before I finish—we have been cut short on this—I would like to comment on the terrible performance of the Minister for Agriculture, Fisheries and Forestry in terms of the beef quota into the United States. It was an absolutely appalling performance. He has the industry totally up in arms, and his own advisory group has been completely ignored. I believe there are three submissions. We now have a Senate inquiry into the introduction of the beef quota, and the minister seems to be all over the shop. But the one thing that is coming through is that he is quite prepared to support the big producers, the Packers of this world.

There is every likelihood that, unless the abattoirs on King Island and in Longford in Tasmania can get some part of that quota—which may well have been filled by now—they will go out of business. The abattoir on King Island is worth $22 million a year to King Island. You can imagine the consequences for that community if this industry goes down the drain. It has got a work force of over 70 and it has put on hold $1.5 million upgrade plans for expansion. There are 200 beef producers and we are very concerned that, unless they can get part of that US beef quota, they may well be in trouble.

I implore the minister to join with his industry colleagues and the advisory council to look at this quota question very carefully and to support small producers instead of just big producers. There is not much vision in this budget. I wish Michael Danby and Amanda Mendes Da Costa all the best for their engagement. Their 40-year vision is much broader and longer than this one.

Mr HATTON (Blaxland) (9.21 p.m.)—That was another engaging and amusing speech, but at the bottom of it were some core realities and some core observations about what this budget is really about. The member for Braddon was commenting on a coalition budget, a Liberal budget. It is recognisable; the fingerprints are all over it. You can see what they are driving it at. You can see the areas that have not been covered. You can see the areas where funds have been withdrawn. You can see the areas where there is a lot of talk and a lot of gloss and a lot of advertising. But you have got to look long and hard to find fundamental, long-term structural investments, and you will only find elements of those in some points. But you will find them generally missing.

An argument that has been put by the Treasurer and others is that we have really grasped the nettle with regard to long-term structural problems relating to the PBS and to the report on intergenerational change. The member for Braddon was absolutely right: demographics were not discovered recently. The baby boomer generation is moving inexorably into the older age bracket and we are seeing a doubling of that age bracket from about 12½ per cent to 25 per cent of the total population. That is not new. It was reinforced by the census this week and it was taken into account when Labor were in government.

Well before this government came in and finally brought up this intergenerational study, the fundamental thing that Labor took into account was that we had better start planning ahead then—in the 1980s and 1990s—for superannuation and for people to contribute at that stage. It was not just for those who contributed in the twenties and thirties and forties and fifties and sixties and seventies, for those who were part of a state or federal government workforce or who were in a privileged position—high enough up the rung—in companies and who
got, as part of their benefits, super provided by the company, which was then written off against what the company owed in tax, through the Commonwealth paying their part. Labor as a government planned well ahead.

We have this year come to the point where nine per cent of people’s wages is being contributed to super. But it is nine per cent and no more. The structural basis for future provision ceases this year. It is not going any further. It is not going to 12 per cent or 15 per cent. If Labor had continued in power, it would have gone to nine per cent, then to 12 per cent and then to 15 per cent, because we had laid that out in our vision of future provision, in fundamentally trying to deal with the problem of a larger proportion of the population getting older.

Current age pensioners are being slugged by increasing the amount they have to pay by almost 30 per cent, going from $3.60 to $4.60. That is one of the reasons why Mrs Loretto Thurgood is one of the people who came to see me last week. She is from the Yagoona Combined Pensioners and Superannuants Organisation, and has devoted a lifetime of activity to helping other people in the community. I have known her now for more than 20 years through her work for that organisation. She came to see me with a Mr and Mrs Robinson to talk about the budget. She had made the appointment prior to the budget coming down, because they had heard what was coming and she wanted to talk about two things. The first was the threat that the government would increase the cost of pharmaceuticals: that was a threat before the budget came down but by the time she came to see me it was a reality. The second thing she wanted to talk about was a more personal problem: the fact that she could not, on a pension, afford to get her teeth fixed.

She was appreciative of the fact that when Labor were in power they had taken what was essentially a state program for which there was not enough money, had recognised that there was a need within the community and had put in a four-year program. When this government came into power they said, ‘The four-year program is axed; it is gone. We’re not going to spend any more on it. Chop it back. We do not really need it.’ Mrs Thurgood still has problems with her teeth, and she wanted me to explain to the parliament and, in particular, to the government—thickheaded as they are in relation to these issues—that, as people get old, they need a new set of dentures fitted. They are all right for a while because they go back for re-adjustments to be made, but over time they have to go back to the dentist or the dental technician again and again because of shrinkage of their gums. Whilst she was talking to me I could hear the clicking of her dentures against her gums, and she asked me to emphasise that fact. She could not control the clicking and it embarrassed her. That underlines the fact that we need a program like this.

Do we find this in the budget? No, you will not find it until we have a Labor government back on the treasury bench in Canberra. That is when you will get it. You will not find long-term provisions in terms of superannuation until we get a Labor government back on the treasury bench in Canberra. You will not get the fundamental pegs of national infrastructure laid into the ground until we get a Labor government back into power in Canberra.

The government have not come to terms with what their backbenchers, both National and Liberal, have identified in terms of the transport needs of this country in report after report over more than six years. They will leave it up to private interests to try and do something about rail freight. We know that in one report there was a recommendation that $600 million should be spent on upgrading the rail system. The Minister for Transport and Regional Serv-
ices has gone a minuscule way to try and fix that. We know that the lay-bys and the bridges need to be fixed and that there needs to be duplication of rail so that freight can be moved quickly from one end of the country to the other. That will be to the benefit of regional producers, people within the metropolitan areas and Australia’s economy as a whole.

But that kind of long-term thinking can sit in this government’s reports and be totally and completely neglected by it, because actually spending those kinds of funds demands a commitment to the future with dollars to back it up and sensible long-term programs put in place. What have we got instead? Instead, we have a government that has bought its way back into office. This is the government of the infinite surplus. But, come this election and this budget, we have found that the infinite surplus has evaporated. There has been $20 billion worth of spending and profligacy from this Treasurer and this Prime Minister. We know a little about that profligacy from the budget of 1982. When we came into power in March of 1983, this Prime Minister—the then Treasurer—lied through his back teeth about what the deficit was.

The DEPUTY SPEAKER (Mr Hawker)—Order! You might like to rephrase that.

Mr HATTON—He misled the Australian people deliberately.

The DEPUTY SPEAKER—Thank you.

Mr HATTON—He was asked what it was and he said, ‘It is about $4 billion.’ He misled the Australian people deliberately and kept misleading them deliberately. He kept misrepresenting the situation, he kept telling them, ‘It is about $4 billion.’ By the time we got to the end of the week, it was, ‘Well, it might be a deficit of about $6 billion—it might be about that.’ To extract that was like extracting teeth. The reality was that it was a $9.6 billion deficit for one year. In today’s dollars, it was $26 billion! So when he got it a bit wrong—when it was $4 billion instead of $9.6 billion—he was out by about $12 billion in today’s figures.

This is a government that says it has a Charter of Budget Honesty, a government that has fronted up and said it would make great changes, would go to accrual budgeting and have the infinite surplus. What did the Treasurer do this time? He rolled up and had to concede that there was a deficit of $1.7 billion. That was a bit of a problem, but he laid out the figures, and I thought, ‘Jeez, this is a bit strange. He has gone about it differently this year. What has happened to accrual accounting? Where has it gone?’ We were back to a cash basis. There was an election. The accruals were the $20 billion used to buy off various parts of the electorate. This budget pays for that profligacy.

So we gave the flick to accrual accounting and we went to a cash basis because it does not sound as bad. But think of the figures. It was projected that there would be a $14 billion surplus. We went from a $14 billion surplus to a $1.7 billion deficit—a $15.7 billion difference. That is how far it went.

Filling that hole, we find these measures—we found it in the extra appropriations last year, but this year we find it in these sorts of measures. There is $219 million to upgrade domestic security. Over five years, more than $1 billion is to be expended in that area. We can identify why that needs to happen, given what happened on September 11 and given the war against terrorism. What about the impact of the big election issue of border security, the election issue that the government has continued? They did not come back into parliament for four months—it was a really hard election for them! They had to lay off for four months! They had to work up a program and then, when they got into the joint, they actually had no legislation to give us. They are still struggling, except for attacks on the unions. Let us look at the fig-
ures. Poor old Christmas Island! It is just a territory! At least Tasmania has not been excised yet. What are we going to have on Christmas Island? In this year, $21.1 million to build a reception centre—a detention centre—for all those refugees or supposed refugees or asylum seekers who have not come. What does it cost over five years? $55.5 million. Jeez, that is a lot of money, but it has to replace Woomera because it has had some bad press! Over five years, that is $825 million. That is a lot of money going into this—it is a lot of money for people to have little trips down to Nauru and other Pacific destinations. It is a fair amount of dough.

I want to come back to superannuation for a minute. We have only 15 minutes to make our contribution. Just about everybody on our side, I think, has agreed and has stuck to that, with some minor exceptions. We have done that because the government has so mismanaged its program that we cannot be given a full 20 minutes, but at least I have not been gagged this time, as I was gagged last time and the time before. Let us look at a couple of measures you need to make some decisions about. In this year, there is a $70 million cost to the budget to allow temporary residents to cut the amount of tax they have to pay to Australia. It is great to have businesspeople coming in from overseas, staying here for three or four years and giving us their expertise—but then they go home. There is a measure here that costs that—over five years, it will cost the Australian Treasury $325 million. Pensioners in the seat of Blaxland have to cough up $1 extra—$52 a year extra—to pay for the PBS increase, and yet we will let foreign temporary residents walk away with $325 million over five years. I suppose ‘Casino Pete’, the Treasurer, has done his bit of gambling—he has lost a hell of a lot more than that over the years. But this is a case of deliberate government policy and decision making where that money has been thrown down the chute.

Who else is getting a bit of a cut here? We never thought it would happen, did we! We have a Treasurer who has built his whole career on hyperbole, the ‘exaggerator’ who has probably come out of an advertising agency—they are all trumpeters of nothingness in advertising agencies, and the Treasurer has that stamp about him. Page 6 of the library notes on the budget mentions the superannuation surcharge. We all remember that: ‘Those at the top end of town are going to get clobbered by having to pay an extra 15 per cent.’ Well, there is no effect in this year’s budget, but over five years, guess how much it is? It is going to cost the Australian Treasury $370 million to give a cut to the people at the top.

In talking about generational change and intergenerational change, this is what the Liberal and National parties, the coalition, are doing. When you bring it down to tinstacks, these are the decisions they are making that are clobbering people in Blaxland, in south-west Sydney, in Western Sydney and in the regions. Those people know that a government has to think long term; it has to put into place fundamental foundations—structural foundations in superannuation, health care and dental care—and make provision for growth in Australia’s economy. We know that 1985-86 was the critical year when Australia was rejigged by Labor, when Labor faced up to the structural changes that needed to be made. We know the engine for growth was modelled then, and it is still running particularly well. This is our growth. This is our development. The country has benefited from that, just as it would benefit from a Labor government putting some fairness back into the joint and putting a bit of spine up the government in terms of real and effective decisions.

The last point I will make is this—and I have 15 seconds in which to make it: $832 million over additional GST administration costs. When I get a chance I will come to that. The Bank-
The Bankstown Taxation Office has been totally closed; it serviced the small business people in my area. With that closure, 640 jobs have been wiped out. That provision has gone and a corresponding cost has gone to the government: it should have kept those people working in Bankstown.

**Dr Martin (Cunningham) (9.36 p.m.)**—As I always do on budget night, I sit and listen to the Treasurer espouse his views on the world and then go and read the fine detail of the budget papers to understand two things: what it will mean for the portfolio that I happen to be responsible for and, importantly—and actually I do this first—what is in it for Wollongong, what is in it for the electorate of Cunningham, which I represent. Sadly, for the last six years of the present administration, I have come away extremely saddened. That is because what I see on each and every occasion is dwindling opportunity for the people of Wollongong, dwindling services being funded by the federal government.

When people in my constituency approach me and ask, ‘Why is it that this government seems always to take from our area? Why is it that it seems to be so mean in the sorts of issues that it targets?’ I have to respond by saying, ‘That’s the nature of this government’s philosophy in dealing with things.’ For years we have been told that, in terms of macroeconomic management, budget surpluses were the guiding principle upon which this government laid its foundation. But this time—and this was so eloquently explained by my colleague in the contribution immediately before mine—we see that funding more generally seems to have dissipated, leaving us in a precarious position where we actually have a budget deficit, and we find that this is something which the government is not willing to claim credit for, nor explain to the Australian people—and certainly not to the constituents of Cunningham.

I find it interesting that, when you talk to people about this, they understand a couple of things. They understand that things are a bit tougher these days because of the imposition of the GST, which the government said would never ever happen. They understand that, in the case of Wollongong, their material benefits have also been subjected to hardship because, in their every day lives, services have disappeared. Since the Howard government came into office in 1996, we have seen it close the immigration office in my electorate; we have also seen it close a Medicare office in Corrimal, in the middle of my electorate, and a Medicare office in the neighbouring electorate of Throsby. We have also seen the government close post offices in my electorate. Such closures have gone hand in glove with a number of bank branch closures up and down the coast.

In terms of the geography of the Wollongong area, my electorate is very long and runs along a coastal strip, with a number of suburbs being linked by the railway and the road and a lot of infill these days. In an area like that, such services become important to people because they create a sense of village community, if you like. Certainly, residents in the northern suburbs of Wollongong have prided themselves on that sense of village community for many years—and, of course, they are now suffering. ‘If it is not because of those services being withdrawn as a direct result of some of the policies being pursued by this government,’ they ask, ‘what is it from?’ I have to say to them, ‘You were right the first time: it is an uncaring government.’ We saw that again this time in this budget. We saw an attack on the most vulnerable in the community: those on disability pensions. All of us are going to be affected by a decision on the PBS, by increasing prescription costs. The member for Blaxland talked about pensioners in his electorate and the effect that that would have on them.
Because I felt so strongly about this issue, I circulated a petition throughout my electorate. All of us, as members of parliament, do it from time to time. A community response is not a bad way of getting a feel for an issue, and then a mailing list can be put together so that other information can be provided. There has been spontaneity in the returns coming in. People have been coming into my office and actually asking for more copies of that petition so that they can take it to their workplaces or to their social clubs—to Woonona-Bulli RSL or the Steelers Club or whatever club it is. They are even taking it to the footy on a Saturday. They are getting people to sign those petitions, and I will be tabling those in the parliament very shortly. The response has been absolutely extraordinary.

What people have said is that the meanness of spirit of this government, led by this Prime Minister and this Treasurer, has to be seen to be believed. These are the same people who have been supportive—as have I—of the government’s approach to the war on terror. In the last parliament, when I was a spokesman on defence for the Labor Party, I was giving a very strong bipartisan level of support, as was the Leader of the Opposition at the time, Kim Beazley, for the government’s approach to the war on terrorism. Yes, I raised some questions about whether or not our contribution was being oversold and the costs associated with that, and I did raise some criticisms about the initial throes of the Pacific solution—in particular, when we were sending Navy, Air Force and Army personnel to places like Christmas Island and using them to secure the *Tampa* and all those sorts of things at huge cost, because I did not think that that was necessarily the specific role of the Australian Defence Force. If we are going to have a coastguard, let us have a genuine coastguard. That is a policy I have advocated for some time and which the Labor Party believes is important. Let us not do this and say, ‘No, it’s not really a coastguard; this is a military operation.’ If it is going to be a coastguard, let us get the coastguard in place.

I supported that and my constituents in Wollongong supported that as well, but they now think they have been absolutely conned. At the start of the Treasurer’s speech this year, did he talk in the glowing terms that he normally does and with that hubris that he projects each time a budget is brought down about the size of the surplus and so on? No, he did not. In his speech this year he started off, in a very deliberate and low tone, by talking about the war on terror, the costs associated with Australia’s engagement in the war on terror, why we needed border protection measures and why we needed to spend more money doing the sorts of things that this government has been pursuing.

At the end of the day, my constituents in Wollongong probably think it is not a bad idea. As I said, I do not think it is a bad idea. We have to protect Australia. Labor thinks there is a better way of doing it than the haphazard way in which the government has gone about excising all these islands and so on. As I said facetiously in the parliament today, Hamilton Island is for sale at the minute. Why doesn’t the government just buy that and put these people seeking refuge in Australia on Hamilton Island? There is accommodation built for them already, and they could get Hamilton Island now for a lot cheaper than they are going to spend on all the other places as part of the so-called Pacific solution.

My constituents in Wollongong, as I have been talking to them over the last several weeks since the budget came down, have been really concerned. They have said, ‘How is it, as you continue to point out, that we continue to lose things like immigration offices, Medicare offices and post offices and that banks close down when the Liberals are in government?’ Then they reflect and say, ‘We used to think that we didn’t get much when Labor was in govern-
ment, by god, but now that we think about it, we realise that we had a tax office’—and un-
fortunately, as in the electorate of my friend the member for Blaxland, there is a rumour going
around that the Wollongong tax office is about to be shut down as well—‘and a Navy Hydro-
graphic Office, and the Commonwealth office block’—which, I might say, this Howard gov-
ernment sold—’and the grain handling facility at Port Kembla. We had the Brandon Park
sporting complex, the Beaton Park athletics track and sporting complex, and the Russell Vale
Golf Course—the list goes on and on—and all of these came through federal Labor govern-
ments and through assistance from federal Labor governments. Under Labor, we did pretty
well when budgets came down and there were funds available.’ And so they did.

Why is this significant? I will tell you why it is significant. At the moment, as we all know,
the new census has come down and has provided some fascinating reading about each of our
respective electorates and what the requirements might be for the future. In the Illawarra
Mercury today a very full coverage was given to the statistics that emerged from that particu-
lar census. It was interesting that, under a headline about the city growing in brainpower, the
story said:

While Wollongong continues to be a city dominated by young, affluent, computer savvy people it
has not escaped the ageing population trap. According to the census results it is one of the top 25 most
populated Australian towns and cities ...

We know that it has 257,510 people, and the median age has risen to 36 years. More than 14
per cent of the people are aged 65 years and older. The story goes on with all these statistics.
This is vital information in trying to determine the future economic wellbeing of people in my
electorate and of the city of Wollongong as a whole, because that census data provides us
with a ready opportunity to look at the make-up of our city and to sit down and determine
with chief policy makers what we need to do in policy terms, with the three levels of govern-
ment working in consort, to get the best outcomes for our city.

Wollongong has changed dramatically. Wollongong’s image once of being simply an indus-
trial city has changed completely. The University of Wollongong is the best university in
Australia. I say that, yes—but so too does everybody who judges it. For the past two years in
a row it has been judged the University of the Year. It has made a tremendous contribution to
our local economy. In order to facilitate a lot of that work, the council of the city of Wollon-
gong has adopted the tag of ‘Wollongong: City of Innovation’. We are trying to marry what
used to be described as a ‘New-Age economy’ type of innovation industry to build upon the
substantial economic backbone that continues to be there in heavy manufacturing—largely
through BHP, which will be known as BHP Steel from 1 July. At the same time, we under-
stand that tourism, hospitality, the university sector and smart industries in telecommunica-
tions are all flourishing in the Wollongong area. This is changing the very nature of our city.
As somebody who represents it, and very proudly does so, I understand that there is a need to
constantly review information that comes out through things like the statistics in this particu-
lar census to plan for the future—because, as my electorate is changing, so are the needs of its
people.

Once upon a time you could count on getting 70 or 75 per cent to vote for a Labor Party
candidate at every polling booth in the city of Wollongong. I will tell you what: that does not
happen any more. We still survive very nicely, thanks very much, but there is a lot of hard
work that goes into that. People who live in Wollongong have the expectation of whoever
their representative is that they are going to be putting forward decent policies and hopefully
getting some decent outcomes. That is why, as part of that process, not only do I survey my constituents on a regular basis but on 3 July, along with my colleague Jennie George, the member for Throsby, I will be hosting an economic development forum in Wollongong. We are going to ask this question, and look for an answer: ‘Where to, now?’ All of these terrific things are happening in the ‘City of Innovation’, with all the changes being brought about by the University of Wollongong—by marrying town and gown—and all the terrific innovations that have come from the heavy industrial base of the city but, again, with its changing emphasis. All of these things are going to be on the drawing board.

Guest speakers will be coming along, and we are going to ask them the fundamental questions: what do we as policy makers need to do at the three levels of government? Do we need improved transportation access? Do we need improved infrastructure in various forms? Is there some way in which the Commonwealth government could look at bringing together some of those diversified assistance programs that exist but only seem to find their way into rural Australia rather than into provincial and regional cities like Wollongong?

They are some of the fundamental questions that I hope will be addressed. At the end of the day, it is important that we clearly understand that the demographic features of Wollongong are changing—they have changed dramatically from what they used to be—and will continue to change. It is a process that will continue. I am constantly amazed at this. The northern suburbs of Wollongong are a case in point. This used to be a mining-village-type environment. There used to be a whole string of little mining villages like Wombarra, where my mother grew up and where my grandfather was a coalminer in the pits. Coledale, Coalcliffe, Stanwell Park all used to be little villages. These days you have to have at least $800,000 to think about buying in those areas—and that is for a two-bedroom fibro miner’s shack on Stanwell Park beach. Is it any wonder that I am searching for the policy prescription to represent those people, as well as the ordinary folk who still live in places like Bellambi, Wollongong and Coniston.

Let me say in conclusion that this budget did not do a great deal for Wollongong. I would even go so far as to say that it did sweet Fanny Adams for Wollongong. There was not much in it at all. I have been searching, as I said, for the last six years to find something positive to say to my constituents about how the Howard government looks after them. Regrettably, once again, I have been unable to do so. Once again, Wollongong is going to have to do it on its own. Out of this seminar will come some solutions to our future based on the statistics that are around. The opportunity will be provided for an incoming Labor government in Canberra to do something once again for the people of Wollongong.

Ms KING (Ballarat) (9.52 p.m.)—It is over a month since the Treasurer handed down the worst budget this House has seen for many years. It was a bad budget handed down by the worst Treasurer Australia has had since the Prime Minister had the job. As those of us who endured the Treasurer’s speech, the 2002-03 budget was delivered by a man without heart for a man without vision. The Treasurer failed to show what he has to offer the nation as Prime Minister. Instead, he attacked the aged, disabled and unwell to pay for the government’s election promises. The budget exposes the government’s lack of vision for Australia—more particularly, it exposes the Prime Minister’s absence of vision and lack of energy. Those of us who care about the future—the future for schools, universities, jobs growth, Medicare and
regional development—know Australia got short-changed by this budget. The best that anyone on the other side of this chamber appears to be able to say about this budget is: ‘I thought it could be worse.’

The Prime Minister likes to talk about mandates. For the past few weeks, he has been running around the place saying the election gave him a mandate to slash the PBS and to dump on disabled pensioners. What he is saying is that the Australian people gave him a blank cheque and he can now do whatever he wants. I wonder how many on the other side of this committee told their constituents that the very first thing they would do if re-elected is cut disability support pensions and increase the cost of pharmaceuticals. That is exactly what they have agreed to with this budget and that is why the Prime Minister has no mandate to pursue these measures.

Before the election, we were told the budget would be in surplus to the tune of half a billion dollars. We learned on budget night that the deficit for the current year is $1.2 billion. That is a turnaround of $1.7 billion. Increased defence and border protection has cost us $600 million. So what we have is ordinary Australians paying for the government’s economic incompetence. Last October, in the shadow of the federal election, the Prime Minister told an ACOSS conference in Melbourne:

Once you start with deficits they get bigger and bigger [and] you end up with high interest rates, higher unemployment.

Well, on this point at least, the Prime Minister was spot on. Not only did he deliver a budget deficit in 2002-03 but he delivered higher interest rates as well.

Let me tell you, Mr Deputy Speaker Hawker, that the people of Ballarat are worried about the future. They are worried about a Prime Minister who broke his election promise and delivered a budget in deficit. At a time when Australian families are confronted by unprecedented household and credit card debt, rising interest rates are an ominous sign indeed. Ordinary families are being forced to borrow increasing sums of money to realise the Australian dream of owning their own home. An inflated property market, rising interest rates and record levels of debt are the legacy of this government’s six years in office. Household debt is up nearly 90 per cent over the government’s term. Credit card debt has risen by nearly 180 per cent in the same period. The people in my electorate are rightly worried about a man who has no vision for the nation beyond his 64th birthday. They are worried about a government that will not talk about employment, just punishment for those looking for a job. If your name is John Olsen, she’ll be right, but if you are John Smith from Sebastopol, Victoria, or an ordinary Australian from a hundred other towns and cities, do not look to this government for assistance.

Of course, it is not just the Prime Minister who has the people of Ballarat worried. They are also worried about the Treasurer, the great pretender, who has taken his eye off the ball once too often and set the economy adrift. We now know that this Treasurer is the highest taxing Treasurer in our history. We also know that he has turned a decade of growth into a budget deficit and has, in his own words, put upward pressure on interest rates. By its own measure, the government’s economic credentials are in tatters. It has delivered a budget deficit at a time when the Australian economy is growing. It has forced interest rates higher when it said it would do the exact opposite. As we are all aware, the Treasurer likes to blow his own trumpet on interest rates—it is part of his job application. The Treasurer has been all too ready to hit the airwaves and tell us he has delivered low rates. When they were on the way down he was
pulling radio journalists out of bed in the morning just to get on the airwaves. But where is he when they start to rise? The Treasurer cannot have it both ways. If he wants to claim the credit for the low rates then he has to take responsibility for the rise.

We now know about the Treasurer’s massive foreign currency losses of many billions because this Treasurer could not or would not pay attention to his own portfolio. The difference between the Treasurer and other Australians is that when we lose a few dollars having a bet we must bear the consequences ourselves. Ordinary Australians cannot pass the buck as the Treasurer has done. Millions of Australians manage their household budgets better than this government manages the Australian economy, yet it is the most vulnerable in our community who are being asked to foot the bill. Having blown billions on the foreign currency swaps and taxpayer funded advertising, the government wants the poor to fund its incompetence. That is why it has sought to slug pensioners and families millions of dollars to claw back money through the PBS and why it wants to force the disabled onto the dole queues.

The GST was to be the great saviour of the Australian economy but it has not proved to be the case. Instead, the tax burden on ordinary Australians is greater now than ever before. The much heralded income tax cuts delivered when the GST was introduced have now been wiped out. The fig leaf of economic responsibility has been ripped away. We now know that the Treasurer has turned a decade of growth into a budget deficit. We know that the government has failed in its responsibility to manage the economy, and the budget papers are all the evidence we need to prosecute the case.

The budget confirmed that this government is only interested in regional Australia at election time. It has no long-term agenda for the development of regional Australia and no real commitment to providing equal access to opportunities and services for the regions. If the government did care it would not even consider the further sale of Telstra; it would listen to the few remaining members of the National Party who still care about regional Australia and undertake an immediate inquiry into the state of our telecommunications network. It would also develop a long-term plan to improve telephone services, ensuring that all Australians have access to emerging technologies and a fair and equitable pricing regime. The Prime Minister and Treasurer think simply slipping on an Akubra and a Drizabone once a year is enough to fool people into believing that they understand and care about regional Australia. They are wrong.

I want to draw specific attention to some of the things my electorate deserved from this budget but did not get, such as the Deer Park bypass. On budget night—

The DEPUTY SPEAKER (Mr Hawker)—Order! A division has been called in the House. The proceedings are suspended to enable members to attend the division. The proceedings will resume when the chair of the Main Committee is resumed at the conclusion of the division or subsequent divisions.

Sitting suspended from 9.59 p.m. to 10.19 p.m.

Ms KING—I want to draw specific attention to some of the things my electorate deserved from this budget but did not get. The first is the Deer Park bypass. On budget night the words ‘Deer Park’ did not pass the Treasurer’s lips. That is no surprise because this government has become adept at distinguishing between core and non-core promises. We find in the budget papers that the Deer Park bypass will not get a look-in until long after other infrastructure projects are finished. That is not what the government told us during the election campaign.
Tonight I renew my call for the government to keep its promise and work towards delivering this project.

I turn now to aged care. The government is being mean and tricky on aged care funding. The $100 million capital funding for rural areas announced on budget night is actually a reannouncement of funding made available in October last year. Two applications for funding in my electorate—in Ballan and Stawell—have already been knocked back by the government. The federal Minister for Ageing has refused to accompany me to these facilities to learn firsthand how the Howard government is failing aged and frail Australians. People in my electorate want to talk to the minister, not be fobbed off endlessly by his department.

With regard to the Wimmera Mallee pipeline, communities in the Stawell district are entitled to be angry with the Howard government for failing to match state government funding for the Wimmera Mallee pipeline project. In the Victorian state budget, Treasurer John Brumby announced funding of over $70 million. What did we get from the federal Treasurer? We got the reannouncement of the $4 million already announced for the northern Mallee pipeline matched by the state government. The government is now saying, ‘Perhaps the community can put in an application under the Natural Heritage Fund for $3.5 million.’ The government clearly does not understand the project or its potential benefits. It is not possible to proceed in limited stages by forcing the community to go cap in hand each year to fund the next stage for this project. It is a project that requires a long-term commitment of $77 million from the Commonwealth. A completed pipeline will boost economic growth, improve the supply of domestic and stock water and enhance opportunities for regional recreation and tourism. It is a project that requires a bit of vision and a belief in the Wimmera Mallee and its people—things this government clearly lacks.

The budget fails to address the chronic shortages of child-care places in the Ballarat electorate. The government offers no new child-care places, no new investment in early childhood development, no initiatives to address the shortage of qualified staff and no long-term plan for child care. There is no hope offered in this budget to local parents crying out for child care.

The government’s plan to encourage GPs to practise in the outer metropolitan fringe is terrific news for residents of big cities. For residents of Ballarat, Stawell, Ararat and Creswick, the plan lends no assistance at all. In the city of Ballarat alone, there is a shortage of 15 general practitioners. The government has chosen to ignore this problem. The Howard government remembers regional Australia only at election time. There is no new money for regional development in this budget, a fact regional Victorians will not forget. As an example, $4 million has been slashed from the Regional Solutions funding.

With regard to Roads to Recovery, last year the government encouraged local councils to bring forward road projects. This year, $100 million of Roads to Recovery funding has been delayed until 2004-05, compromising local road projects and local jobs. The mayor of Northern Grampians Shire has written to the minister for transport advising him that his council has been forced to lay off two workers and incur substantial financial costs as a result of the government’s budget measure.

I want to talk a little about the social costs of the budget. Most families in my electorate will be hurt by the budget’s most pernicious measure, the increase in prescription charges. Families will be forced to pay an extra $6.20 to collect medicine for their children. For families that need to buy a lot of medicine, the lifting of the safety net threshold from 1 January
2003 is a double blow. Pensioners will be forced to pay an extra dollar every time they need medicine from the chemist. When Labor was in government, pensioners paid just $2.70 for each prescription. Under the current Prime Minister and Treasurer, the cost per prescription has risen to $4.60. Poor people will be forced to choose between medicine and food, a choice no-one in our community should have to make, especially not people such as Mrs Bright of Wendouree, who suffers from glaucoma, diabetes and high blood pressure and has a spinal injury. Her husband has chronic arthritis and requires two prescriptions. These people are on age pensions. She will have to find an additional $50 out of her yearly household budget to pay for her family’s medicine. Mrs Bright does not know how she will afford the rise. She told my office that her health is going to be put at risk. She would like the Treasurer to come to her house and live on a fortnightly pension and see how he manages. Wendouree is not Wollstonecraft or Malvern but it is real Australia.

This measure also affects people such as the Gallagher family, whose story was told on the front page of the Ballarat COURIER. Two of Mr and Mrs Gallagher’s children suffer from asthma and Mr Gallagher has epilepsy. Between them, the family require six different prescriptions at a cost of $115. While the price of only one of the prescriptions is set to rise, for a family that is already struggling it is enough to put them under significant financial pressure. There are better ways of managing the costs of the Pharmaceutical Benefits Scheme but the government does not want to know about them.

Another mean aspect of the budget is the treatment of people receiving the disability support pension. Not only will most disability support pensioners be hurt by new prescription charges, thousands will be forced onto the dole. For those kicked onto unemployment benefits, payments will be cut by $52 per fortnight and mutual obligation requirements imposed. I have received dozens of calls from sick and disabled people worried about these changes, and I share their concern.

Our education and health system is threatened by the lack of support promised in the coming year. New initiatives in education and training are few and far between. Aged care scholarships are welcome but do nothing to address the funding starvation of Australia’s higher education system. The fact is that federal funding for private schools will rise by more over the next four years than the combined increase to public schools, universities and TAFEs. It is disappointing that at the same time Victoria’s state government is pouring an additional $550 million into Victoria’s education system, the federal government is refusing to invest in our children’s future.

The centrepiece of the Australian health system, Medicare, remains as neglected now as it has been for the past six years. The Treasurer had nothing to say about improving public health, and the budget contains no strengthening of the Medicare system—no increased funding and no cooperation with the states. Other measures that have not hit the headlines will have an impact on many Ballarat families. For example, the government has cut funding to the states for public housing. Funding of $834 million in 2001-02 will be cut to $716 million in 2005-06, putting pressure on local waiting lists. The great smokescreen in the budget is the need to slug families and pensioners to pay for Australia’s role in the war on terror. Ballarat and Australia deserve better from this budget. It is a bitter disappointment. I seek leave to continue my remarks later.
Leave granted; debate adjourned

Main Committee adjourned at 10.27 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Aviation: Sydney (Kingsford Smith) Airport
(Question No. 120)

Mr Martin Ferguson asked the Minister representing the Minister for Finance and Administration, upon notice, on 13 February 2002:

(1) Did Sydney Airport Corporation Limited (SACL) develop performance criteria or service levels for the new baggage handling system at the international terminal before it was selected as the system to be introduced; if so, (a) what were they, and (b) were they agreed with the industry paying for its introduction; if not why not?

(2) Have the performance criteria been met; if not, why not?

(3) Is there a design deficiency in the system resulting in the mis-tracking of baggage; if so, (a) what is the nature of the problem, (b) what steps are being taken to fix the problem, and (c) how long will that take?

(4) Has SACL addressed the problem in the interim by employing additional baggage handlers; if so, what sum (a) has that cost to date, and (b) is it estimated to cost until the design problem is fixed?

(5) Have airlines been required to meet this cost, if so, (a) why, (b) what sum has it cost, and (c) what cost has been borne by SACL?

(6) What is the legal basis or instrument that allows SACL to recover those costs from the airlines?

(7) Have the new aerobridges at the international terminal caused damage and delays to aircraft; if so, (a) on how many occasions, and (b) what has been the cost of this damage?

(8) Who has borne the financial responsibility for the damage and delays caused by the aerobridges?

(9) Has any passenger or staff member been injured by an aerobridge; if so, what are the details?

(10) When will the operation of the new aerobridges meet an acceptable standard and what is that standard?

Mr Costello—The Minister for Finance and Administration, as advised by Sydney Airports Corporation Limited, has provided the following answers to the honourable member’s questions:

(1) to (6) Yes, SACL did develop performance criteria for the new baggage handling system as part of the selection criteria before the new baggage handling system was selected.

The contract for the provision of the Baggage Handling System is nearing completion. SACL is currently discussing the finalisation of matters arising out of the terms of the contract with the other party to the contract. The terms of the contract and ongoing discussions are confidential for commercial and security reasons. Publication by either party of any responses to questions 1 to 6 would be prejudicial to the outcome of ongoing discussions and could be detrimental to either party. As a result, SACL is not able to answer at this time the Honourable Member’s questions 1 to 6.

(7) Yes, (a) There have been two incidents (b) On 1 November 2000, an aerobridge suffered electrical mechanical failure and settled on its support structure against an aircraft. There was no damage to the aircraft. The aerobridge operator was treated for minor injuries.

On 1 February 2001, an aerobridge drove downward onto an aircraft and sheared off an aircraft door at its hinges. No one was injured. The full cost of damage in relation to this incident is subject to resolution by SACL’s insurance and legal advisers and the relevant parties.

(8) The financial responsibility for the damage in relation to the 1 February 2001 incident is subject to resolution by SACL’s insurance and legal advisers and the relevant parties.

(9) Yes. An aerobridge operator was treated for minor injuries.

(10) The operation of the new aerobridges meet the manufacturers’ standards covering build and services. There are currently no prescribed Australian safety standards for the operation of aerobridges. Issues with operator competency and training are currently being addressed in discussion with ground-handlers and airlines.
Ryan Electorate: Election Funding Payments
(Question No. 121)

Mr Martin Ferguson asked the Minister representing the Special Minister of State, upon notice, on 13 February 2002:

What was the total cost to the Commonwealth of the by-election for the Electoral Division of Ryan on 17 March 2001, including the costs incurred by the Australian Electoral Commission to conduct the ballot and election funding payments to political parties in accordance with the Commonwealth Electoral Act.

Mr Abbott—The Special Minister of State has provided the following answer to the honourable member’s question:
The costs incurred by the Australian Electoral Commission for the by-election for the Electoral Division of Ryan on 17 March 2001 were:

- To conduct the ballot $253,995
- For election funding payments to political parties was $123,870
- Giving a total cost of $377,685 (excluding GST).

The Australian Electoral Commission is not aware of any other costs to the Commonwealth for this by-election.

Trade: Export Market Development Assistance
(Question No. 305)

Mr Kelvin Thomson asked the Minister for Trade, upon notice, on 14 May 2002:

Since 1996, what is the level of export market development assistance provided to private firms within the postcode areas of (a) 3130, (b) 3131, (c) 3132, (d) 3133, (e) 3134 (f) 3058, (g) 3056, (h) 3055, (i) 3057, (j) 3060, (k) 3044, (l) 3039 and (m) 3046.

Mr Vaile—The answers to the honourable member’s questions are as follows:

From and including the 1995/1996 financial year until the 13 June 2002, the following level of export market development assistance has been provided to private firms within each of the following postcodes;

(a) $1,938,729 was provided within postcode 3130;
(b) $437,575 was provided within postcode 3131;
(c) $1,033,817 was provided within postcode 3132;
(d) $856,675 was provided within postcode 3133;
(e) $789,733 was provided within postcode 3134;
(f) $953,039 was provided within postcode 3058;
(g) $2,888,613 was provided within postcode 3056;
(h) $118,287 was provided within postcode 3055;
(i) $823,904 was provided within postcode 3057;
(j) nothing was provided within postcode 3060;
(k) nothing was provided within postcode 3044;
(l) $359,373 was provided within postcode 3039 and
(m) $616,403 was provided within postcode 3046.

This amounts to a total of $10,816,148 of export market development assistance.

Wills and Deakin Electorates: Program Funding
(Question No. 312)

Mr Kelvin Thomson asked the Minister for Education, Science and Training, upon notice, on 14 May 2002:

(1) What sums of federal funding have been allocated to schools in the electoral divisions of (a) Wills and (b) Deakin since 1996 and what sums were provided to each school.
(2) In what cases has the funding complemented funding from the State Government.

(3) What funding is provided to schools within the electoral divisions of (a) Wills and (b) Deakin for before and after school care and how does this compare to the total funding allocated (i) Australia wide and (ii) Victoria wide under the program.

(4) How many tertiary places are funded by the Federal Government within the electoral divisions of (a) Wills and (b) Deakin.

Dr Nelson—The answer to the honourable member’s question is as follows:

(1) The majority of schools programs could provide assistance to the schools in the electorate of Wills and Deakin. These include programs such as General Recurrent Grants, Establishment Grants, Capital Grants, Enterprise and Career Education, Indigenous Education Strategic Initiatives, Country Areas, Job Pathways and Discovering Democracy. However, under program administrative arrangements with the States, Territories and non-government education authorities, the Commonwealth only collects data by electorate for certain programs. Information on these programs is set out in the attachment.

(2) Commonwealth funding for schools is supplementary to State and Territory funding and under the Departments’ administrative arrangements data on State funding is not collected. However, the Department does collect this information for Capital Grants. Both the Commonwealth and the State Government funded all Capital Grants projects for government schools in the electorate of Wills and Deakin. In non-government schools, Commonwealth funding complemented funding provided by the schools themselves, school systems and/or the State Government.

(3) This question does not fall within the jurisdiction of this Department and should be directed to the Department of Family and Community Services.

(4) The Commonwealth provides universities with block grant funding for a specific number of student places. The Commonwealth does not allocate these places to particular campuses or regions. As universities are autonomous institutions, generally established under State legislation, the allocation of student places between various courses or campuses is an internal matter for each university to determine on the basis of its own assessment of student demand and community needs.
## TOTAL SCHOOL FUNDING FOR THE ELECTORATE OF WILLS BY PROGRAM

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<td>17,976,916</td>
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<td>207,395,70</td>
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<td>247,415,33</td>
<td>137,464,751</td>
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</table>

* Calculated entitlements, not final payment figures.
** Data is not available prior to 1999.
*** There is only one new school in the electorate of Wills – Glenvale College – that has received Establishment Grants.

## TOTAL SCHOOL FUNDING FOR THE ELECTORATE OF DEAKIN BY PROGRAM

<table>
<thead>
<tr>
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<td>151,598,71</td>
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<td>70,428,336</td>
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* Calculated entitlements, not final payment figures.
** Data is not available prior to 1999.
*** There are no new schools in the electorate of Deakin, therefore, there are no Establishment Grants allocated.
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<thead>
<tr>
<th>Name and location</th>
<th>1996</th>
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<th>1999</th>
<th>2000</th>
<th>2001*</th>
<th>2002*</th>
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<td>719,322</td>
<td>830,720</td>
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<td>4,576,717</td>
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<td>127,306</td>
<td>114,208</td>
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<td>728,713</td>
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<td>618,292</td>
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<td>882,682</td>
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<td>6,635,907</td>
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<tr>
<td>Total</td>
<td>11,670,914</td>
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<td>15,873,980</td>
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<td>17,976,916</td>
<td>22,599,557</td>
<td>22,904,381</td>
<td>121,537,852</td>
</tr>
</tbody>
</table>

* Calculated entitlements, not final payment figures

# Has become a campus of a school in another electorate from 2000

**Electorate of Wills**

**Commonwealth Capital Funding to Non-government Schools**

<table>
<thead>
<tr>
<th>Name and location</th>
<th>1996</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>Total</th>
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<tbody>
<tr>
<td>Antonine Sisters Maronite Catholic School, East Coburg</td>
<td>$</td>
<td>$</td>
<td>$</td>
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<td>$</td>
<td>$</td>
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<tr>
<td>Darul Ulum College of Victoria, North Fawkner</td>
<td>401,709</td>
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Tuesday, 18 June 2002

### REPRESENTATIVES

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<td>607,141</td>
<td>770,759</td>
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### Electorate of Wills

*Commonwealth Capital Funding to Government Schools*

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<th>1998</th>
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<th>2000</th>
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<th>2002</th>
<th>Total</th>
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<td>607,141</td>
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### Commonwealth General Recurrent Funding to Non-government Schools

<table>
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<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001*</th>
<th>2002*</th>
<th>Total</th>
</tr>
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<tbody>
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<td>4,587,096</td>
<td>4,942,046</td>
<td>5,614,353</td>
<td>6,010,446</td>
<td>6,010,446</td>
<td>34,772,535</td>
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<td>995,450</td>
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<td>1,514,523</td>
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<td>336,280</td>
<td>370,475</td>
<td>370,475</td>
<td>1,762,653</td>
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<td>437,671</td>
<td>517,591</td>
<td>573,015</td>
<td>637,940</td>
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<td>386,516</td>
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<td>2,309,663</td>
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**Electorate of Deakin**  
Commonwealth Capital Funding to Non-government Schools

<table>
<thead>
<tr>
<th>Name and location</th>
<th>1996</th>
<th>1997</th>
<th>1998</th>
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<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>St Thomas the Apostle School, Blackburn</td>
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<td>Tintern Girls Grammar School, Ringwood East</td>
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<tr>
<td>Total</td>
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<td>$8,358,566</td>
<td>$9,587,127</td>
<td>$10,255,708</td>
<td>$11,675,807</td>
<td>$13,642,098</td>
<td>$13,978,798</td>
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* Calculated entitlements, not final payment figures

**Electorate of Deakin**  
Commonwealth Capital Funding to Government Schools

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<th>1998</th>
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<th>2000</th>
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<td>$300,000</td>
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**Notes:**
- The Commonwealth Capital Funding to Non-government Schools table lists the funding for St Thomas the Apostle School, Blackburn, and Tintern Girls Grammar School, Ringwood East over the years 1996 to 2002. The total funding for these schools over this period amounts to $75,179,489.
- The Commonwealth Capital Funding to Government Schools table lists the funding for Blackburn High School, Blackburn, and Blackburn Lake Primary School, Nunawading. The total funding for these schools over the period amounts to $282,000 and $300,000, respectively.
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<th>Name and location</th>
<th>1996</th>
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<th>1998</th>
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The Enterprise and Career Education Foundation (ECEF), previously the Australian Student Traineeship Foundation (ASTF), provides funding for school clusters (programmes) not to individual schools. A list of the particular schools within each cluster (programme) is as follows:

### TOTAL ECEF FUNDING FOR THE ELECTORATE OF WILLS BY PROGRAM

<table>
<thead>
<tr>
<th>Electorate</th>
<th>Program</th>
<th>Schools in Program</th>
<th>ECEF Funds 1999</th>
<th>ECEF Funds 2000</th>
<th>ECEF Funds 2001</th>
<th>ECEF Funds 2002</th>
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</thead>
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<td>Wills</td>
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<td>ECEF Funds 2000</td>
<td>ECEF Funds 2001</td>
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## TOTAL ECEF FUNDING FOR THE ELECTORATE OF DEAKIN BY PROGRAMME

<table>
<thead>
<tr>
<th>Electorate</th>
<th>Program</th>
<th>Schools in Program</th>
<th>ECEF Funds 1999</th>
<th>ECEF Funds 2000</th>
<th>ECEF Funds 2001</th>
<th>ECEF Funds 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deakin</td>
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<td>Aquinas College&lt;br&gt;Ashwood SC&lt;br&gt;Avila SC&lt;br&gt;Balwyn HS&lt;br&gt;Bayswater SC&lt;br&gt;Billanook College Blackburn HS&lt;br&gt;Boronia Heights SC&lt;br&gt;Box Hill HS&lt;br&gt;Box Hill Senior SC Brandon Park SC Brentwood SC&lt;br&gt;Canterbury Girl’s SC Croydon Community Croydon SC&lt;br&gt;Doncaster SC&lt;br&gt;Donvale Christian School&lt;br&gt;Emerald SC&lt;br&gt;Emmavus College&lt;br&gt;Fairhills HS&lt;br&gt;Ferntree Gully College&lt;br&gt;Forest Hills SC Gennarano College Hawthorn SC&lt;br&gt;Healesville HS&lt;br&gt;Heathmont College Highvale SC&lt;br&gt;Kew HS</td>
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* Data is not available prior to 1999.
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* Data is not available prior to 1999.