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The SPEAKER (Mr Neil Andrew) took the chair at 9.00 a.m., and read prayers.

MIGRATION LEGISLATION AMENDMENT (SPONSORSHIP MEASURES) BILL 2003

First Reading

Bill presented by Mr Ruddock, and read a first time.

Second Reading

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural and Indigenous Affairs and Minister Assisting the Prime Minister for Reconciliation) (9.02 a.m.)—I move:

That this bill be now read a second time.

This bill makes a number of amendments to the Migration Act 1958 in relation to sponsorship.

Sponsorship is an important element of the system for managing the entry and stay of persons in Australia. It plays a central role in protecting the Australian community from the costs and risks associated with the stay of non-citizens in Australia.

Sponsorship benefits the sponsored person, the sponsoring body and the Australian community as a whole by offering a degree of protection and certainty to all concerned.

The bill formalises the longstanding government policy that such costs should be borne by sponsors who bring persons to Australia, rather than by the Australian community. This is particularly relevant in the case of those temporary residence sponsors who gain a commercial advantage from the sponsorship arrangements.

The bill establishes a comprehensive and transparent framework for the migration regulations to deal with sponsorship requirements, enabling a formal recognition of the important and increasing role of sponsorship. It enables processes to be established in the migration regulations, relating to sponsorship application, sponsorship eligibility and approval criteria, sponsorship validity and so on.

In accordance with the recommendation of the report In Australia’s interests: a review of the temporary residence program, this bill aims to standardise sponsorship arrangements as much as possible. However, it also recognises differences between types of sponsors and sponsorships and the need to provide for different sponsor relationships.

The framework proposed by the bill provides for regulations to be made, depending on the type of visa, for:

- sponsorship to be a criterion for a visa (both a criterion for the application or for the grant of a visa);
- a process and criteria for the approval of sponsors; and
- undertakings to be made by sponsors.

The bill also allows certain actions to be taken against sponsors of prescribed temporary visa holders if they breach their undertakings.

These actions include the ability to cancel sponsorship or impose bars on sponsors. These bars can prevent the sponsors from gaining further approvals as a sponsor and from sponsoring further persons under their existing approvals.

The bill gives power to make regulations that differentiate between the approaches taken in different visa regimes. This is the case in relation to sponsorship approval criteria and processes, as well as the undertakings and sanctions applicable against sponsors. This will enable the government to take different approaches to sponsors of different types.
For example, it will allow us to differentiate between sponsors who sponsor large numbers of people or gain a commercial advantage from sponsorship and sponsors in the family stream.

The regulation-making powers provided in the bill are not intended to affect sponsorship regulations made under any other provision of the act. This is further supported by the ‘opt in’ provision in the suite of amendments, which will require that different visa regimes and their accompanying sponsorship requirements will need to specifically come within the new framework before it can apply to them.

This is important, because it will allow the existing regulations relating to sponsorship to be changed and implemented gradually, following appropriate consultations. It also means that any regulations that are made pursuant to the new powers will be subject to parliamentary scrutiny.

Initially, regulations are proposed to be made to include the long stay sponsored business visa (subclass 457) and the new sponsored professional development visa (subclass 470) under the new framework.

**Sponsored business visa**

This is a very important visa class that has provided Australian businesses with rapid access to highly skilled labour from overseas to enable these businesses to remain internationally competitive.

The benefits of this visa class are well documented in research undertaken by Access Economics. There is, however, a need to continue to make the operations of this visa as efficient as possible so that it remains responsive to the needs of Australian industry.

An important element of the proposed changes is to make sponsor undertakings clearer and to enable a range of possible sanctions to be applied where undertakings are breached. In particular, these sanctions will be designed to discourage any possibility of overseas employees being exploited and to make sure that all sponsor undertakings are enforceable.

**Professional development visa**

The ability to enforce sponsorship undertakings is an integral part of the new proposed sponsored training scheme. The sponsored professional development visa is being developed in response to requests from the Australian international education industry to allow professionals and senior government officials to undertake tailored training. The ability to offer this training will enable Australia to establish itself in this niche market and support our bilateral economic and political relations with major countries in our region and beyond.

The sponsorship aspect of the visa enables education providers to assume responsibility for potentially large numbers of visa holders from markets that traditionally exhibit high immigration risk, and reduces risk for immigration integrity and the public purse. Our ability to enforce sponsorship undertakings in this regime is therefore essential to its effectiveness.

Although to date the number of sponsors who have failed to comply with their undertakings has been relatively small, it is likely that this number would grow with the increased use of sponsorship for temporary residence visas.

Sponsorship undertakings for this visa need to be legally enforceable, and should be underpinned by a system of sanctions appropriately targeted to ensure that sponsors comply with the undertakings they have entered into.

**Associated merits review change**

In addition, the bill seeks to prevent abuse of the merits review process by certain tem-
porary visa applicants who are required to have a sponsor but who, at the time of applying for review, do not have a sponsor or have not attempted to obtain one.

In these cases, the decision to refuse to grant the visa cannot ever be overturned by the tribunal, because the requirement that the applicant be sponsored is simply not satisfied.

This amendment will effectively close off a loophole that has led to visa applicants pursuing what are clearly unmeritorious claims.

In summary, the measures in the bill will ensure that the integrity of Australia’s migration and entry programs is not compromised.

I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by Mr Cox) adjourned.

NATIONAL TRANSPORT COMMISSION BILL 2003

First Reading

Bill presented by Mr Tuckey, for Mr Anderson and read a first time.

Second Reading

Mr TUCKEY (O’Connor—Minister for Regional Services, Territories and Local Government) (9.10 a.m.)—I move:

That this bill be now read a second time.

I take pleasure in introducing the National Transport Commission Bill 2003. This bill provides for the establishment of the National Transport Commission.

The establishment of the commission will be an important step for Australian governments and the transport industry. For the first time, there will be a body with a focus on reforming not just road transport but also the rail and intermodal transport regulatory environment where a national approach to regulation is warranted. This reform process has the potential to deliver improved efficiency, productivity, safety and environmental performance in the transport industry.

The National Road Transport Commission has played a vital and increasingly successful role in progressing national action on road transport reform over the past decade. The National Road Transport Commission Act 1991 is due to cease in January 2004.

A recent review of the act recommended to the Australian Transport Council—which comprises Commonwealth, state and territory transport ministers—that a new body with a broader regulatory reform focus should be established. This new body would be able to respond to the needs of an increasingly integrated freight transport industry. All heads of government subsequently agreed to this recommendation.

The new commission will build on the success of the National Road Transport Commission. The commission will maintain the momentum of road transport reform, while bringing a much needed national approach to a number of rail issues, particularly in the safety arena, and to issues involving more than one mode of transport.

A key objective of the reform process, which has been agreed by transport ministers, is to create a more cost-effective and nationally consistent approach to rail safety regulation, including a more effective application of mutual recognition arrangements and procedures to manage risk factors such as fatigue.

There will also be an increased emphasis on reform maintenance, to ensure that the benefits of reforms are not eroded over time.

Like its predecessor, the commission will develop national reforms in consultation with the Commonwealth, states and territories and industry and other stakeholders.

This bill sets out a framework for the operation of the commission, including its ac-
countability to the Australian Transport Council. An intergovernmental agreement, to be signed by the relevant Commonwealth, state and territory ministers, is currently being negotiated. The agreement will spell out the roles and responsibilities of the commission, the Australian Transport Council and the jurisdictions and, in particular, sets out the framework for approving and implementing reform proposals developed by the commission. It will also aid in strengthening the cooperative nature of the national transport reform process.

The bill also provides a new legislative mechanism for achieving a uniform or consistent regulatory environment across Australia. Under this approach, model transport legislation will be set out in regulations to the proposed National Transport Commission Act. This will enable the states and territories, and if appropriate the Commonwealth, to either reference or enact the substance of the model legislation in their own laws.

This approach addresses concerns expressed by the states and territories over the ‘template’ approach which was envisaged under the NRTC process. It also addresses the need for nationally agreed model legislation to be developed so that it can more appropriately mesh with jurisdictional law.

I present the explanatory memorandum and commend the bill to the House.

Debate (on motion by Mr Cox) adjourned.

NATIONAL TRANSPORT COMMISSION (CONSEQUENTIAL AMENDMENTS AND TRANSITIONAL PROVISIONS) BILL 2003

First Reading

Bill presented by Mr Tuckey, for Mr Anderson, and read a first time.

Second Reading

Mr TUCKEY (O’Connor—Minister for Regional Services, Territories and Local Government) (9.14 a.m.)—I move:

That this bill be now read a second time.

This bill is an adjunct—a cognate bill—to the National Transport Commission Bill 2003.

The National Transport Commission (Consequential Amendments and Transitional Provisions) Bill 2003 has two main objectives.

Firstly, the bill provides for consequential amendments to other Commonwealth acts as a result of the repeal of the National Road Transport Commission Act 1991 and the commencement of the National Transport Commission Act 2003.

Secondly, it puts in place arrangements for a smooth transition from the National Road Transport Commission to the National Transport Commission. These arrangements cover assets and liabilities, and annual reporting requirements.

This bill, together with the National Transport Commission Bill 2003, provides for the establishment of the National Transport Commission—a body to replace the existing National Road Transport Commission. The new statutory body will build on the success of the former commission by continuing to progress road transport regulatory reforms with an increased emphasis on reform maintenance.

In addition, in response to the needs of an industry operating within an increasingly integrated transport environment, the work of the commission will also include regulatory reform of rail and intermodal operations. The new commission, like its predecessor, will facilitate development of national reforms in close consultation with the Commonwealth,
states and territories, industry and other stakeholders.

I present a signed copy of the explanatory memorandum and commend the bill to the House.

Debate (on motion by Mr Cox) adjourned.

HEALTH CARE (APPROPRIATION) AMENDMENT BILL 2003
Second Reading

Debate resumed from 3 June, on motion by Ms Worth:

That this bill be now read a second time.

upon which Mr Stephen Smith moved by way of amendment:

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

“whilst not opposing the Bill, the House condemns the Government for its health policy failures, including:

(a) the Howard Government’s withdrawal of $918 million from public hospitals over the next four years;
(b) the Howard Government’s unfair Medicare package which will result in bulk billing, in time, only being available to pensioners and concession card holders and families being left to pay more and more for their health care;
(c) the Howard Government’s decision to increase the cost of essential medicines by up to 30%, hitting the sickest and the poorest hardest; and
(d) the Howard Government’s refusal to review the $2.3 billion private health insurance rebate to ensure that it provides value for money for consumers and taxpayers.

Dr Lawrence (Fremantle) (9.17 a.m.)—Last night when I was speaking on this Health Care (Appropriation) Amendment Bill 2003, I was about to read into the Hansard record a case of an adverse event in our pressured hospitals. In this case, a man contacted me about the death of his wife just after she had delivered their sixth child. In order to protect their privacy I will not mention their names or that of the hospital, but I will read from his own account. He states:

The cord had broken and then the 2 midwives spent the next 15 minutes trying to rip it out with a pair of metal clamps. My wife then haemorrhaged and the maternity doctor was called in. He injected a substance into my wife’s right thigh.

They were not told what the substance was nor what it was for, and it was not documented in any of the medical records. He said that his wife:

… was then transferred to theatre for an Emergency Removal Of Placenta. On the specialist report done for my solicitors the young anaesthetist went against his superior’s wishes … and induced my wife, leaving her without oxygen for 14 minutes resulting in her suffering global brain trauma. He also administered a large amount of Adrenalin resulting in her suffering a cardiac arrest.

The young doctor was apparently not qualified to perform this procedure without supervision. The husband has heard many differing accounts of what happened to his wife, and the staff who were present have given conflicting evidence. To add to the distress suffered by this man and his family, at the coronial inquest into his wife’s death he saw her previous medical records, which classified her as an anaesthetic risk. This was never communicated to either her or her husband. He says in conclusion:

My dear wife was never given this information and not once but twice was denied the type of care each Australian is supposed to receive in the health system in this country, resulting in her losing her life.

He asked me to stress the human cost of what has happened, since we members of parliament had the chance to address this horrific problem in the health system in Australia. As he said, his wife is only one of thousands who die from preventable causes
like this every year in our hospitals. He and his children have to live every day with the failure of government to properly fund and support our public hospitals. In my view, it is simply not good enough.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Health and Age-ing) (9.20 a.m.)—The debate on the Health Care (Appropriation) Amendment Bill 2003 has been very wide ranging; therefore my own summary must be, at least to some extent, wide ranging. I would like to thank all members who have contributed to this debate, although there were times when I thought that perhaps some members opposite thought they were debating the Medicare legislation which will be before the House later today rather than this Health Care (Appropriation) Amendment Bill. Government speakers, on the other hand, have shown a keen interest in getting the best deal for their states because they know that their constituents will be better cared for.

I was interested in the contribution of the member for Hunter, and I agree with him. He said:

What has been very sad about this debate is the extent to which people have been prepared to deceive their electorates. Someone sitting at home, listening to this debate on the radio, must be thinking, ‘My goodness, this is a complex debate,’ and wondering how it is that members from different sides of the chamber could have such different perspectives on what this bill means in terms of recurrent funding to the states for public hospitals.

I also think it is sad, because I think that the wider Australian public wishes that politics did not enter into all debate, that what may be in their best interests would be at the forefront of what is being said in this chamber, and that the opposition did not always have to find fault with absolutely everything the government does.

A health system should never be judged by the number of general practitioners who bulk-bill; unfortunately, this is the message that is portrayed by a number of opposition members. Wild accusations have been made that this is about the destruction of Medicare. How could this possibly be so when, in the last budget of a federal Labor government, the contribution to the health care of the people of this nation was $18 billion and now it is $30 billion? So much of providing good health care is not just about money but also about access and workforce issues, and that is why this government has placed such a very important emphasis on those areas. This bill simply gives legislative underpinning for Commonwealth grants to the states for the running of their public hospitals.

The Commonwealth proposes to provide $42 billion for public hospitals over the next five years. This is $10 billion more than the funding provided under the last Australian health care agreements. Nationally, this represents a 17 per cent real increase in the Commonwealth’s commitment. In signing an agreement, states will be agreeing to do three things: tell us how much they intend to spend on public hospitals themselves; commit to the Medicare principle of universal access to public hospitals; and improve performance reporting. States that meet these conditions but fall short of matching the Commonwealth’s growth rate will receive 96 per cent of the maximum available to their state, whereas states that meet these conditions and match the Commonwealth growth rate will receive 100 per cent of the funds available to their state. This will provide a platform of guaranteed growth over five years upon which real health service reform benefiting all Australians can be built.

It is now over to the states to say what they are prepared to spend to support our future health care system, and this government stands very ready to work with them. I
have to say that, if I were a state health minister, I would want as much money as possible for my public hospitals. I would go into cabinet and argue in the strongest possible terms for the best possible deal from the state budget because what the Commonwealth has put forward would assist my case, and not to have a win would have significant consequences for those people in my care.

Mr Speaker, it is interesting that in recent state elections—particularly at the last state election in our home state of South Australia—so much has been said about the emphasis that must be put on health and education. But state premiers cannot just be lobbyists to the federal government. If they really want to hand over all their powers, we will start fixing up the problems; but I do not think they want to do that. While they have the power, they must work with the Commonwealth and put up the resources necessary for what they say they are going to do.

Many of my colleagues on this side of the House gave indications of what the states would miss out on if they did not do the sensible thing and sign up and work for the betterment of their own hospitals and their own constituents. New South Wales could lose $1.1 billion; Victoria, $832 million; Queensland, $851 million; Western Australian, $404 million; South Australia, $260 million; Tasmania, $85 million; ACT, $58 million; and the Northern Territory, $89 million. Altogether the states would stand to lose $3.7 billion, and I cannot imagine that anyone would consider that to be a wise thing.

To listen to the arguments from some members opposite, one would think our health system was all about GP visits and public hospitals. But there is a great deal more to our health system than that. Last year the government announced an investment, for instance, of $291 million over four years in protecting those most at risk from the threat of meningococcal C. To date, all states and territories have commenced vaccinating via general practitioners children turning one to five years of age in 2003. School based programs to vaccinate senior high school students have also commenced in states and territories. The 30 per cent rebate for private health insurance provides average Australian families with around $750 as an annual contribution from the government towards their health care needs. But, as we know, unfortunately Labor is considering dumping this.

The government has spent around $2 billion on targeting rural health and aged care to promote and support access to doctors, specialists and nurses in rural and remote areas, and this is on top of the funding already provided through national programs such as Medicare and the Pharmaceutical Benefits Scheme. In fact, last year the number of doctors in regional Australia rose. We cannot correct years of neglect overnight, but we are now beginning to see the results of the coalition’s well thought out investment in rural health care. The coalition is also making a difference in health care in regional Australia by committing funding for up to six new radiation oncology units. Cancer touches the lives of so many of us, and these new units will make a real difference for patients and their families.

Since 1996 the coalition government has almost doubled funding for Indigenous health. We are also working with doctors to deal with chronic and debilitating conditions such as asthma and diabetes through prevention, management and treatment. We announced funding for the successful national diabetes improvement projects grants in February this year. Nineteen projects across Australia will trial practical and innovative ideas aimed at improving the detection and management of diabetes. The projects are due to be completed next year. Bowel cancer kills...
4,500 Australians every year. Early diagnosis is the key to successful treatment, which is why the government has committed over $7 million for bowel cancer screening.

We have a world-class pharmaceutical scheme, for which all Australians are eligible, with 155 million prescriptions being subsidised each year to the tune of $4.5 billion. Also we are leading the world in health promotion initiatives. The Tough on Drugs initiative is a good example. In 1997 the government committed more than $625 million to make every effort to address the illicit drug problem in Australia. There has been significant funding since then. Even in this most recent budget, funding has been made available for the diversion system, which keeps young people out of the justice system. That impacts on the states. It is good all round if young people, rather than going to jail, get medical treatment for their addiction. That not only saves the states money but also helps our communities and strengthens our families.

There is additional money for the particularly important areas now of dealing with psychostimulants and the co-morbidity that can exist with substance abuse and mental illness. We have a successful national tobacco campaign, and the number of Australians who smoke daily has fallen from 25 per cent to 20.2 per cent of the population since 1997. We have a campaign warning young people about the dangers of excess alcohol consumption and, since 1996, the coalition has increased funding for aged care from $3 billion to $5.6 billion. The coalition has also made a real difference by doubling funding for health and medical research. No government since Federation has given medical research such a high priority. This is not an exhaustive list—far from it. However, I hope I have painted a more realistic picture of a good health system for those people listening who, if they were to believe some of the speakers from the other side, might have thought that all was near to death and destruction. I have always believed and said that we need a strong public system working alongside a strong private system. That way the Australian people get the best possible value. At a personal level, I have benefited from care in both systems. I believe in both and appreciate the fact that we are one of the healthiest populations in the world.

This year’s federal budget further strengthens Medicare by integrating prevention, health promotion and disease management within the health system, making prevention a fundamental pillar of Medicare. The focus on prevention initiatives will help improve the health and productivity of an ageing work force and ease cost pressures on the health system. Labor’s opposition to private health care has put Medicare and our public hospital system under extreme and unsustainable pressure. Under the previous Labor government, private health insurance premiums grew by a rate of 11.3 per cent a year. Under this government, premiums have increased on average by less than five per cent a year. I cannot stress too strongly that, until the Labor Party commits to maintaining the 30 per cent rebate, Australians can expect the cost of premiums under a Labor government to increase immediately by an average of $750. By contrast, we are committed to keeping private health insurance and making it more available through the 30 per cent rebate. This is the key. The 30 per cent rebate represents a substantial benefit for almost nine million Australians. The Labor Party’s opposition is an attack on the ability of almost half of the population to afford private health cover. The nine million Australians with private health insurance should be very concerned that Labor intends to tamper with the private health insurance rebate to pay for its prolific promises.
This bill will provide real increases of 17 per cent to the states and territories to run their public hospitals. The states and territories stand to receive an additional $10 billion in Commonwealth funding over the life of these new agreements. The shadow minister had a little to say about the 30 per cent rebate in his speech, and I am sure he will not mind me quoting him since it is in Hansard:

The final area I want to draw attention to, and which the second reading amendment draws attention to, is the government’s absolute refusal to countenance any review whatsoever of the private health insurance rebate. The government introduced the rebate and has consistently failed or refused to review that operation in any way—to look at its effectiveness. I have often said that the big health issues, so far as the Commonwealth is concerned, are generally health economic and health financing issues—not from a bean-counting or a fiscal point of view, but from this context: there will always be a limited amount of money that the Commonwealth has available to spend on health; what is the best way to spend that limited taxpayer resource and give the best health outcomes?

That is interesting. I draw to members’ attention and remind the shadow minister that the statistics on private hospitals clearly show the role that this sector plays within a balanced health care system. Private hospitals treat four out of every 10 admitted hospital patients in Australia. They perform 52 per cent of the surgery. In 2000-01, private hospitals admitted more than 2.2 million patients, which was up 12 per cent on the previous year. In the same year, capital investment by private hospitals increased by more than a quarter on the previous year. The bulk of the work for numerous complex procedures and treatments traditionally associated solely with public hospitals is now done in private hospitals. These procedures include treatment for sleep apnoea, knee procedures, hip replacements, cataract operations, breast surgery and chemotherapy.

I further draw the attention of the shadow minister and all interested colleagues to a well-researched paper from Harper and Associates, in which there is strong defence of and public support for private health care. The conclusion reached is that, in 2000-01 alone, private hospitals in Australia performed procedures which it would have cost the public hospital system around $4.3 billion to perform. I table this document and seek leave to have it incorporated in Hansard. It has some graphic material in it.

Leave granted.

The document read as follows—

HARPER AND ASSOCIATES
Preserving Choice: A Defence of Public Support for Private Health Care Funding in Australia1
April 2003

Executive Summary

The Howard Government has recently introduced three reforms to private health insurance (PHI) with the aim of increasing the demand for private health insurance cover:

- an additional tax penalty on high-income earners who do not have private health insurance;
- a 30 per cent rebate on private health insurance premiums; and
- lifetime health cover.

Those Australians who take up private health insurance or who pay directly for private hospital treatment pay twice for health care. They contribute through income taxes to the cost of the public health system as well as paying separately for the right to access private health care. In effect, they pay for the option of using either the public or the private system whenever they need (or elect to have) hospital treatment. These additional resources help to keep the average cost of health care down in both the public and the private systems.

In a mixed health insurance system like Australia’s, the existence of private health insurance allows those who value keeping their options open in health care to subsidise overall health
care capacity. To the extent that people abandon private health insurance, the subsidy is reduced.

If people abandon private health insurance, the cost of providing public health care and the cost of PHI both rise, reflecting the loss of the implicit subsidy paid by those who take out PHI in addition to paying taxes to fund public health treatment.

This is the reasoning behind the Government’s decision to support private health insurance.

Even though it might be at some cost to the public revenue (the 30 per cent PHI rebate cost taxpayers around $2.2 billion in 2001-02), so long as the cost incurred is outweighed by the value of the implicit subsidy, the net impact is positive.

In fact, it would cost the Federal Government more to allow PHI to dwindle than to continue to support it.

If private health insurance were to disappear entirely, the cost of providing public hospital treatment to all who were not prepared to pay directly for private hospital treatment (predominantly those in a financial position to self-insure) would escalate dramatically.

For instance, in 2000-01 alone, private hospitals in Australia performed procedures which it would have cost the public hospital system around $4.3 billion to perform.

In other words, had the private sector not carried its share of the hospital load in Australia in that year, public hospital outlays would have been around one third higher in real terms.

Even if PHI does not disappear altogether, fewer people taking up PHI means more people accessing the public health system, raising its costs.

This is starkly evident in Figure 1 which shows the increasing cost burden imposed on public hospitals by the gradual decline in private insurance coverage.
Even those who choose to pay directly for private health treatment potentially raise the cost to the Federal Government, as the higher PHI premiums which follow their departure from the privately insured pool drive sicker, less wealthy patients out of the private into the public health system.

There is evidence that the gradual decline in the proportion of the population with PHI has produced an ‘adverse selection spiral’ in the pool of privately insured health risks. As this has occurred, the health profile of the privately insured has steadily become less robust. This is mainly reflected in the higher average age of the privately insured.

In other words, it has been the young and the healthy who have opted out of PHI (or chosen not to join) and decided instead to access the public system or to ‘self-insure’.

With a deteriorating health profile of the privately insured, the subsidy to the health care system implicit in PHI takes on an additional flavour. Those taking out PHI and subsidising the public system are increasingly the older and less healthy members of the community.

This flies directly in the face of the principle of community rating, one of the benchmark goals of Australia’s mixed health care system. Community rating requires that the healthy subsidise the sick, not the other way around.

The gradual decline of PHI in our system prior to 1998-99 reversed the principle so that, increasingly, the older and sicker subscribers to PHI contributed additional resources to the health system—with the result that younger and healthier Australians could access free public health care more easily.

Support for PHI in the three forms introduced by the Howard Government has helped to shore up the principle of community rating by encouraging more people to take up PHI.

In a properly functioning health insurance system, those with good health cross-subsidise those with poor health.

Prior to the recent reforms, those with private health insurance (increasingly older and less healthy members of the community) cross-subsidised those without insurance (predominantly younger and healthier people) at the rate of about $1,150 per privately insured taxpayer per annum.

Today that rate is about $850 per privately insured taxpayer per annum, closer to levels of 20 years ago when PHI membership was nearer 50 per cent of the Australian population.

The lower ‘tax’ on private insurance has also induced more people to take out PHI (infusing younger and healthier risks into the privately insured pool), as has the encouragement provided by lifetime health cover.

Taken together, recent reforms to PHI have helped to redress the topsy-turvy nature of the Australian health insurance system—bringing it more into line with the principle of community rating—by making it more likely that the healthy compensate the sick, rather than the other way around.

* The involvement of Joshua Gans and Stephen King of CoRE Research Pty Ltd in developing the arguments in this report is gratefully acknowledged. The report was commissioned by Medibank Private Limited—however, the ideas and views expressed are those of the author and should not be attributed to Medibank Private Limited, its shareholder or employees.

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2 Sources: PHIAC, Australian Institute of Health and Welfare.
the necessity to be concentrating on preventative health measures, work force issues and access issues, looking to see where some people in this vast country are missing out, and doing our best to remedy any failings that there may be. If one thinks about it and examines it a little further, it is not surprising that those patients who go into the private health system do save the public system so much, because their private health insurance will contribute a significant amount, if not the full amount, to their daily rates in hospital—and then there is always the surgeon’s fee and the anaesthetist’s fee, and an assistant surgeon’s fee, physiotherapy, pathology and radiology may also be involved.

I remind members that 75 per cent of the scheduled fee for all of those procedures, tests and investigations is paid for out of Medicare. The other 25 per cent of that scheduled fee is paid for through private health insurance, and then there may or may not be gap cover for those patients. So to simply argue in a philosophical way demeans this whole debate. We should all be working to ensure the best possible health system for Australians. I urge those opposite to, instead of bagging this government, go out and negotiate with their state governments—because there are Labor state governments around Australia—and point out all the good news if they sign up to these health care agreements.

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

The House divided.  [9.42 a.m.]
(The Deputy Speaker—Mr Jenkins)

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Mr McMULLAN—Absolutely the smallest tax cuts in our history, and I will prove it to you in just a moment. Just relax.

Mr Truss—What about the l-a-w ones?

Mr McMULLAN—Exactly. Thank you very much. Let me tell you about that. That is what I was hoping you would say. The l-a-w tax cuts were five per cent of tax—

Mr Truss—They never happened.

Mr McMULLAN—That is absolutely untrue. You have been believing the Treasurer again. You must stop believing the Treasurer. What you have just said is absolutely untrue. Peter Costello said it in question time, but that does not make it true. It is absolutely untrue.

Mr Truss—What about the tax increases?

Mr McMULLAN—You are absolutely wrong. But thank you, I was hoping you would say that.

The DEPUTY SPEAKER (Mr Jenkins)—Order! The member for Fraser will ignore the interjections and the minister will cease interjecting.

Mr McMULLAN—It is no good fishing for interjections and then ignoring them if you get them, Mr Deputy Speaker, but I do understand your point of order. The point is simply this. The first half of the l-a-w tax cuts in 1993 were delivered ahead of schedule. They delivered a five per cent reduction in the income tax burden, which is 100 per cent more—that is, double—the percentage reduction delivered here. What is true is that the second tranche, which was to be delivered as superannuation reductions, was cancelled. The difficulty for the Treasurer, and now for the Minister for Agriculture, Fisheries and Forestry, is that they were cancelled by the Howard government.
Mr Truss—Oh—

Mr McMULLAN—They were. In the 1996 budget, you cancelled them.

Mr Ciobo—Because of your budget black hole, that’s why.

Mr McMULLAN—No, hang on. You try to have it every way. You try to say, ‘Oh, these aren’t the smallest tax cuts in history; the l-a-w tax cuts were.’ When that is proved wrong, you say, ‘Oh, but there’s some other reason.’ Let us get the facts on the table. The Treasurer has consistently and persistently misled this parliament by saying that these tax cuts are not the smallest in history—unless he is referring to the 1978 tax cuts, which the member for Bennelong delivered in 1977 and took back in full in 1978.

Mr Truss—Tax cuts are better than the tax increases that you delivered.

Mr McMULLAN—There is absolutely no doubt that these are the smallest tax cuts in history. I am glad you talked about tax increases, because the level of tax under this government, as a percentage of GDP, is higher than under any previous government in our history. Sadly, the problem with that is not that, over the years, historically, each government tends to tax more than the one before because the people demand greater services from their government and those services have to be paid for. That is a reality that has been going on since roughly the time of Edmund Barton. In this instance, we are getting the highest taxing government in history, but where are the services? Where are the extra services that Australian taxpayers are getting for their money? That is the primary matter to which I want to turn my attention.

Let me turn first of all to the puny nature of the tax cuts being offered, and then make it clear that we are supporting the passage of the bill and why we are doing so given that these tax cuts are so puny. Everybody now knows that for middle-income earners—the overwhelming majority of Australians; the backbone of the economy; the people who work hard on $30,000 to $50,000 trying to raise a family—the tax cuts only deliver $4 a week; a derisory and puny effort. It is so small that for a worker on average earnings the tax cut will be swallowed within 12 months. On the budget’s prediction of an average four per cent wage increase, a worker earning $40,000 per year at the moment will, after 12 months, pay $480 more in tax on their income, yet they will be rewarded with a $208 tax cut. The average worker is pretty smart. They can work out that, if they are paying $480 more and only getting $208 back, they have lost. And it is true—they have. The government is returning much less in tax cuts than it is taking. These tax cuts will be gone in the blink of an eye.

The $4 a week tax cut encapsulates the thrust of the bill, but for the purpose of the record let me give a little more detail about what the bill does. The proposed tax changes have three parts. Firstly, the low-income tax offset will be increased from $150 to $235 per year. In addition, the income threshold at which the tax offset begins to phase out will be increased from $20,700 to $21,600. Secondly, the personal income tax thresholds will be increased. The lowest threshold, which imposes tax of 17 per cent, begins at $21,600. The 30 per cent threshold is increased from $50,000 to $52,000. The 42 per cent threshold is increased from $60,001 to $62,501. Thirdly, the Medicare levy threshold that applies to taxpayers who are eligible for the senior Australians tax offset will be increased from $20,000 to $20,500. These tax cuts fall well short of compensating taxpayers for the burden imposed on them in other areas by this budget. Each of the government’s hits—to
Medicare, to education, to family tax benefits—will on its own far outweigh the tax cut.

The $4 a week tax cut will be swallowed over a year by just five visits to a doctor who does not bulk-bill. Those families that are hit in that way are the same families that the Prime Minister wants to slug for an extra $5.50 each and every time they buy essential medicines. They are the same families that, due to the government’s benefit clawback, get on average $400 less in family tax benefits than the government promised this financial year. They are the same families that will get $100 million a year less, or 31 per cent less, than the government promised in the baby bonus. They are the same families that the Prime Minister expects to pay more in HECS or to take out loans to pay for their education and their children’s education. These families face up to $32 a week in increased HECS debts and up to $125 a week in education loan repayments.

All this is from a Prime Minister and a Treasurer who are trying to tell Australian taxpayers that all of this is all right because they will get a $4 a week tax cut. It also comes from a Treasurer who believed until yesterday that by divine right he should succeed to the Liberal Party throne. Yesterday he was a rather unhappy camper when his prize was denied him. The photos we all saw across the front pages of the nation’s newspapers said it all. The Treasurer has had his eye entirely on one job—the Prime Minister’s job—rather than on his own. The taxpayers of Australia are paying a price for that. The only Treasurer in postwar history who has served for any length of time and who has had a lower record of job creation per annum than this Treasurer is the current Prime Minister when he was Treasurer.

Mr McMullan—They are the two worst performers for job creation in postwar history. If you know anything about it, you will know that is the case. Australian families know it is the case, and they also know that we have a situation where not only employment creation is very low but full-time employment creation is even lower.

Although the tax cuts are puny, we will—and, I think, properly so—be supporting this bill. Because we are very critical of the scale of the tax cuts people are asking us why we are voting for them. It is quite simple: firstly, if we do not vote for these very puny tax cuts, the taxpayers will get nothing; secondly, because I support the proposition to increase the low-income threshold; and, thirdly, because it is important to adjust the tax scales on a regular basis to make sure taxpayers who move into higher tax brackets as their incomes increase get relief from higher tax rates. I think it is important that governments retain some discretion. I am not a supporter of indexation—that simply locks us into what I regard as a currently unsatisfactory structure—but the regular adjustment of tax thresholds is appropriate, and the adjustment that is part of this bill is overdue. For all these reasons, when you look at the costs and benefits—the extra costs that have been imposed against the tax cuts that have been delivered—it is no surprise that the big political hit the government seems to have expected from the tax cuts in the budget has not come to pass. It was simply another superficial stunt—a sleight of hand; a tricky manoeuvre—of the sort that the Treasurer has excelled in to try to make the unimpressive seem impressive.

We had, for example, his performance in here in the parliament three weeks ago where he tried to pretend, and unfortunately misled the Minister for Agriculture, Fisheries and Forestry into believing, that these were not the smallest tax cuts in history. The Treasurer
knew—or at least should have known; must have known—that the claim that these were not the smallest tax cuts, that they were bigger than the 1993 tax cuts, was simply untrue. He knew it was untrue when he said it.

To reiterate the numbers: the first half of those 1993 tax cuts constituted 5.1 per cent of personal income tax at that time compared with the tax cuts in this bill which constitute 2.5 per cent. The Treasurer must have known that it was he who cancelled the second tranche of those tax cuts. It was he who cancelled them and introduced in their place a savings rebate which he then abolished after it had been in for six weeks.

This is part of a regular pattern of distortion and deception. I will give another recent example of the government’s dissembling over its budget performance. This one, to be even-handed about the contest that is going on inside the Liberal Party, comes not from the Treasurer but from the Prime Minister—one each. Yesterday in question time the Prime Minister was boasting about what he said were his achievements since coming to office and his ability to deliver on his promises. It was interesting that he was doing that yesterday. You would have thought that he was feeling reasonably good about his leadership position. Perhaps that was why he did it. It rather looked like it. And about two-thirds of the backbench were smiling when he was doing it. The Prime Minister got carried away and said:

I said we would run budget surpluses, and we have done that on six consecutive occasions.

That is just not true, and the Prime Minister knew or should have known that it is not true.

There is one of two explanations: either the Prime Minister has been perpetuating these sorts of deceptions for so long that he believes them, or perhaps he has not been talking to the Treasurer recently and he also fell for the deceptive comment in the budget speech when the Treasurer said that he had delivered six surpluses. A number of senior journalists interpreted that as six consecutive surpluses, and we needed to correct that record. Maybe the Prime Minister and the Treasurer have not been speaking and the Prime Minister fell for that misleading comment, as if ‘six surpluses’ meant six consecutive surpluses. The Prime Minister certainly said that yesterday as if he believed it. It is not true. The second page of Budget Paper No. 1 makes it very clear, and the Prime Minister certainly should remember that just last year the government had the budget in deficit.

Another example of the deceptive presentation around the budget was delivered in question time on Monday by the Treasurer. It seems the Prime Minister and the Treasurer agreed to share this honour on alternate days. On Monday the Treasurer claimed not to comprehend how you could cut taxes and increase spending in your high-priority areas in the same budget and still deliver a surplus. This is an extraordinary comment by the Treasurer, because the budget about which he was speaking—the Treasurer’s own budget—gave tax cuts of $2.5 billion and it contained new spending of $1.7 billion. The English language is not all that complicated: if you give tax cuts, spend more money and deliver a surplus, there is nothing impossible or magic about it. We had all the theatricality and the performance—‘Why didn’t we think of that?’—but the fact is that that is exactly what he did. What we are aiming to do is no more and no less than reallocate against the government’s failed priorities the existing level of spending to fund our programs. The Treasurer was not telling the truth about that on Monday, and he must have known that he was not telling the truth.

The Treasurer thinks that, by delivering such tiny surpluses in the next two financial
years, he has boxed us into a corner and we will not be able to find the money to pay for our priorities. He could not be more mistaken. We have provided full costings of all our promises so far. The Treasurer has made several attempts over the years to attack our costings, and they have all failed. I have challenged the Treasurer to find a single savings measure amongst those we outlined when the Leader of the Opposition made his budget reply speech that cannot be achieved in full. He has never sought to rise to that challenge because he knows that all the numbers are the government’s own numbers—straight out of the budget papers.

Over the four years to 2006-07 we have isolated $909 million in savings from redirecting specified parts of the government’s Medicare package; $700 million from opposing the reduction in the superannuation surcharge; $780 million from not proceeding with the government’s changes to public sector superannuation; and $495 million from not proceeding at this stage with the proposed changes to business tax. That is a total of $2,884 million—in round figures, $3 billion of savings. And we will achieve further savings. Let me give you an example. We will achieve further savings by getting rid of the unfair and failed baby bonus which the government has said will ultimately cost more than $500 million a year. That list of savings demonstrates the opposition’s preparedness to make tough savings decisions. That $3 billion in savings that I have outlined in detail—or virtually $4 billion, including the baby bonus—is only the beginning of our effort in identifying better priorities; there is a lot more to come.

It is not always easy to find savings, but it is not as difficult as you might think when you are dealing with this government’s budget. If it were not for this government’s mismanagement, there would be more money to pay for other priorities. If it were not for this government’s waste, mismanagement and wrong priorities, the tax cuts we are talking about could be greater. Let me give you some examples of the waste and mismanagement, starting with one I referred to previously—the baby bonus. The baby bonus was the centrepiece of the Prime Minister’s family policy in the 2001 election, but the budget papers revealed it was a flop. The baby bonus take-up has fallen way behind the initial projections. When it was introduced last year, the baby bonus was expected to provide $335 million of assistance to families in its first two years. But the budget papers show the estimated benefit from the baby bonus in its first two years has slumped to $230 million—31 per cent less than expected, or more than $100 million less than expected.

Last week, in answers to questions we asked earlier in the year in Senate estimates, the Australian Taxation Office gave us some more information that confirms the unpopularity of the baby bonus and its ineffectiveness. The tax office revealed that only 131,869 mothers have so far applied for the baby bonus. This represents just over half the 245,000 babies born in 2001-02. The tax office answer also shows that 3,022 mothers who claimed the baby bonus—that is, of the just over half—got absolutely nothing because the government, rather than using the money to help families meet the costs of having children, used the money to repay debts to the government.

It is not surprising the baby bonus has not caught on; the flaws are manifest. Among them, the baby bonus provides the biggest benefit to those who need it least. This is not an unintended consequence; this is a design feature—the more you have, the more you get. And it fails to provide financial support when it is most needed. It could be up to 13 months before you get any substantial amount of money after the birth of a baby.
The average baby bonus payment is only $680 a year, or less than $2 per day—less than a third of the amount paid to the most well off. That is money that we will reallocate; every dollar to more effectively targeted, more efficient, fairer family assistance measures.

Let me talk about some other areas of waste. Another classic piece of government waste came to light in Senate estimates hearings on Monday. Health department officials admitted the government paid a firm $39,000 to produce the brand name ‘A Fairer Medicare’ for its package of Medicare changes and paid another $100,000 to a consultancy for strategic advice on marketing the package. The same questioning established that the government had spent nothing on assessing the impact of the package but $139,000 on these consultancies. The *Sydney Morning Herald* reported yesterday:

> The department paid the money to public relations firm Gavin Anderson to advise it on “planning and packaging” the announcement and public debate, as well as $39,050 to a Melbourne consultancy, Worthington Di Marzio, to produce and market-test the “A Fairer Medicare” title.

This is not only a waste of money but also one of the most blatant pieces of misleading advertising I have seen in a long time. To call this package of changes ‘A Fairer Medicare’ when what it is intended to do is kill off Medicare and what it will do is undermine fairness is misleading advertising at best.

Senate estimates have done rather a good job in the past week and a half in exposing other examples of extraordinary government arrogance—for example, the Prime Minister’s amazing $120,000 wine bill. At Kirribilli House over the past four years, residents and guests have managed to guzzle their way through a quantity of liquor that would make a sailor proud. A particularly large purchase of wine in 1999-2000 was supposed to have been cellared for posterity but, of the 58 dozen bottles of wine bought that year, only six dozen remain. In 2000-01 the cellar bill reached $22,670; the next year the bill was $33,460; and so far this year the Prime Minister and his family and guests have totted up $20,210. It is a wonder the neighbours do not complain. Perhaps it is because the neighbours are not in residence at the moment.

*Mr Ciobo interjecting—*

**Mr McMULLAN**—Another appalling example of waste and mismanagement was the revelation that arose in Senate estimates in April that the government paid more than $4 million to rebuild the web site of the communications minister, Senator Alston. More and more we are finding this assumption of entitlement to appropriate the taxpayers’ money for their own purposes. It is occurring again and again, and each time they say, ‘That’s not much money. I just spend more on wine than the average worker earns in a year. Don’t worry about it, it’s not much money.’ Australians do not share that view. I noticed the interjections from government backbenchers who think this is not important. That is not the view that ordinary Australians take.

Superannuation is another area where the government’s priorities are hopelessly misguided. When we introduced superannuation, it gave all working Australians the means through which they could provide a nest egg for financial security and greater self-reliance in their retirement. On coming to office, the Liberals immediately abandoned Labor’s plan to take superannuation contributions to 15 per cent. They scrapped it. And since then they have done nothing constructive in reforming superannuation. The government’s main policy proposal for superannuation has been to propose a tax cut for the wealthiest four per cent of contributors. It is a plan to benefit the well off while leaving
middle Australia with nothing. The alternative superannuation proposal, which the Leader of the Opposition outlined in his budget reply, is to cut the superannuation contributions tax for all Australians from the present 15 per cent to 13 per cent phased in over four years. The government’s alternative is to give a tax cut to the wealthiest four per cent of Australians but provide nothing for the vast bulk of taxpayers.

It is no wonder you are getting the feedback that this budget is a betrayal of the battlers. Ordinary Australian working families, the backbone of the nation, who earn about average weekly earnings—10 per cent above, 10 per cent below—get $30,000 to $50,000 a year. They are raising a family, and they are looking at a tax on their access to Medicare, to bulk-billing under Medicare; they are looking at new hurdles for themselves or their children to get higher education; and they are looking at paying more every time they go to the pharmacy—and they see that they have only got a puny $4 in their pocket. They see that, when the government proposes superannuation changes, they are not included. The tax cuts for superannuation flow to every member of this parliament but to none of the other people who work in it. The tax cuts for superannuation flow to every member of this parliament but to none of the other people who work in it.

Mr CIOBO (Moncrieff) (10.15 a.m.)—I noted the shadow Treasurer, the member for Fraser, could not even complete the full 30 minutes allocated for his speech on the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003. It is of no surprise to me that that is the case. What we had for 25 minutes was a complete and abject failure by the opposition to put forward any policy rationale or financial framework about what they would do. We heard the Labor Party saying this is the worst tax cut, the smallest tax cut ever. You would think this would provide an organisation claiming to be an alternative government with the opportunity to put forward their plan on how they would provide larger tax cuts for the Australian people. But those of us in this chamber heard none of that. What we heard was a disgraceful and absolutely worthless contribution by the shadow Treasurer.

I would like to highlight a couple of points relating to this bill and, more importantly, the financial framework and the economic management the Howard government have put in place. Australia has a strong and stable economy. The reason we have a strong and stable economy is the economic prudence and fiscal responsibility of the Howard government. We have kept interest rates low, we have enabled businesses to claim input tax credits and we have taken the taxes off exporters. The Australian economy is considered by many objective commentators to be the miracle economy. We have weathered the Asian economic crisis. We have weathered the latest downturn in economic growth being experienced around the world. We con-
continue to grow strongly and to provide incentives for people to take entrepreneurial risk, to create employment and to generate wealth. We do that because, as a government, we fundamentally believe these are the rights of the Australian people. The Australian people need a government that takes fiscally responsible decisions, not just popular decisions—which, too often, appear to be the temptation the Labor Party falls for—decisions predicated upon good, sound economic policy.

Despite the testing times over the last 12 to 24 months—we have faced the war on terror, bushfires and the worst drought on record—the Howard government and Treasurer Peter Costello, to their credit, have remained focused on delivering on the important issues and have fundamentally delivered real benefits for all Australians. The last budget delivered another $2.2 billion surplus. You have to compare that with the track record of the Australian Labor Party when they were in power. Who can forget Beazley’s black hole—an $8 billion black hole left by the former leader of the opposition?

The Howard government and Treasurer Peter Costello have a strong economic platform in place. This platform means we can repay much of Labor’s debt and ensure the Australian people continue to enjoy economic sunshine in the long term. By June this year, the coalition will have repaid $63 billion of Labor’s $96 billion debt. That is the reason the shadow Treasurer, the member for Fraser, is absolutely paralysed on points on which to criticise the Howard government when he comes into this chamber. You can see the member for Fraser back in his office, scratching through volumes of economic data, looking for one single scintilla of evidence that might in some way portray the economic policy of this government as having been wrong. I feel very sorry for the member for Fraser. I am sure last night must have been a very late night as he struggled to find one figure that would support his claims.

This is not hubris; this is not pride; this is good economic policy predicated upon an ideology that those on this side of the chamber subscribe to. Australians should have the opportunity to generate wealth and the government should be in the business of providing basic welfare, social and defence services and not be sticking its nose into business left, right and centre. As a result of our repayment of much of Labor’s debt, we are now saving $4.9 billion each and every year in interest costs. Taxpayers in Australia are $5 billion better off each and every year because the coalition government has been prudent with expenditure restraint and has been able to drive down our repayments of interest rate costs—costs incurred by the Labor Party when it was in power. We have also restored Australia’s triple A credit rating with Moodys and Standard and Poors—something that was lost when the Labor Party was in power.

I heard the shadow Treasurer, as part of his attempt to attack the economic management of the Treasurer Peter Costello, comment about unemployment, and I was dumbstruck. It was a gutsy move because it was not that long ago that unemployment under the Labor Party reached 11 per cent. We now have unemployment down to six per cent—the lowest rate in 10 years—and it is expected to remain at that level in the near future. The coalition government have created more than one million jobs since we were elected in March 1996, which is very different to the record the Australian Labor Party left behind.

In fact, if you look at jobs growth, the Labor Party created 458,800 additional jobs in seasonally adjusted terms between 1990 and March 1996 compared with the coalition’s record since 1996 of 1,243,600 additional
jobs. And that is a comparison that the shadow Treasurer would like to draw the Australian public’s attention to? He is more than welcome. Between 1990 and 1996 there were 569,000 additional casual jobs created while there was a loss—not a gain—of 72,900 permanent jobs. The coalition’s record for the period 1996 to 2001 was 276,300 additional casual jobs but a gain of 433,700 additional permanent jobs. What a striking comparison between the benefits that flow from good economic management, as presided over by Treasurer Peter Costello, and the failure of the Labor Party when they were in power.

Under the coalition, inflation has averaged three per cent. Compare that to the average inflation rate under Labor of 5.2 per cent. What about mortgage rates? The shadow Treasurer conveniently left out mortgage rates because of the Labor Party’s utter embarrassment about what they did. We currently have mortgage rates of approximately 6.5 per cent—the lowest in 30 years. Compare that track record with mortgage rates under the Labor Party. When Labor left office, they had mortgage rates at 10.5 per cent. So, with 10.5 per cent in comparison with 6.5 per cent, is it any wonder the Australian people can see straight through the false lines of the shadow Treasurer—the member for Fraser—and the opposition? The fact is that now, as a result of these interest rate cuts, Australians are saving around $3,950 each and every year on a $100,000 loan. And let us not forget the fact that, under the Labor Party, mortgage rates reached 17.1 per cent in 1990.

However, the purpose of this speech is not to focus on the past, but to highlight the hollow rhetoric we hear coming from the opposition when they claim the tax cuts this bill provides for are miserly. Let the Australian people realise that, when the shadow Treasurer stands in this chamber and says if they were in power they would provide much bigger tax cuts, it is falsely predicated upon the assumption that, if the Labor Party were in power, economic conditions would be as they are today under the coalition. History teaches us that, when the Labor Party is in power, it resorts to high taxing, high spending, high inflation and high interest rates—that is the Labor Party legacy; those are the four pillars of the Labor Party’s economic credentials.

When the shadow Treasurer comes into this chamber and says the Labor Party would provide more generous tax cuts and increased expenditure in all manner of areas, whether it be Medicare, the Pharmaceutical Benefits Scheme, defence, employment services, disability services—you name it, the Labor Party will spend more in each and every portfolio—but it will also provide the tax cuts, let the Australian people see the absolute falsity of those claims. Because if the Labor Party had been in power, we would not have weathered the Asian economic crisis and we would not be the miracle economy we are today. We did those things because we had the courage and the strength to make sure our economic policy remained true to the philosophy of those right of centre—and that is about generating economic wealth and economic growth for the Australian people and letting them get on with the business of building businesses and generating wealth. The track record of the Labor Party is clear, and I know there are many people on the Gold Coast, my own turf, that are exceptionally pleased and proud of the fact that the coalition government continues to deliver.

I would like to highlight the major points in the bill before the House today. Before doing so, I must say I am pleased the opposition are supporting the bill. The opposition’s support of this bill indicates not all hope is lost and they are prepared, on occasion, to
recognise good economic policy when they see it. Turning to the specifics, the bill increases the Medicare levy threshold for senior Australians. The amendments to the tax rebate for low-income aged persons means there is a change in the $21,000 tax threshold to $21,600 and an increase in the low-income tax offset so that seniors pay no tax up to $20,500 for singles and $33,612 for couples. It also increases the threshold at which single seniors begin paying the Medicare levy to $20,500. There is no change to the senior family threshold of $31,729 because it is already sufficient to ensure senior couples do not incur a Medicare levy until they incur an income tax liability.

What have people said about that? The Age in its editorial immediately following the handing down of the budget said this:
The cuts, like the Medicare changes, are tightly targeted and intended to give the most benefit to low and middle-income earners.

It strikes me this quote is in very stark contrast to what we just heard from the shadow Treasurer. The shadow Treasurer came in here preaching his snake oil, as is often the case with the Australian Labor Party when they claim these tax cuts are all about ensuring that we provide increased tax cuts for the rich to the detriment of the less well off. Again, what rubbish. On a prima facie basis, the Labor Party like to trot these lines out because they hope the Australian people do not see through their claims; they hope the Australian people do not recognise the actual truth.

When the Labor Party talk about headline figures of $4 a week for the less well off and $10 a week for high-income earners, they are using the gross terms, the dollar figures. But when you translate them into actual percentage tax cuts it is a very different story. In those terms, the fact is that, under these changes to income tax levels, the bulk of the benefit flows to people on low incomes. That was recognised in the editorial from the Age which I just read. Under this bill—a bill which will benefit nine million Australians by providing tax cuts—we will see low-income earners get tax cuts of around 10 per cent. The Labor Party can say that is $4 a week, but it is a 10 per cent cut in the income tax liability of low-income earners. For average-income earners there is a four per cent cut and, for high-income earners, around a 2½ per cent cut. This bill is equitable and fair, and it provides the bulk of the savings to low- and average-income earners. High-income earners get about a 2½ per cent cut. But the Labor Party do not want the Australian people to know that. They would rather trot out their headlines, engage in political opportunism and mislead the Australian people. They do not recognise the Australian people are very intelligent and recognise the baseless rhetoric from the Australian Labor Party for what it is.

It is appropriate this bill should be before the chamber today, because we have the opportunity to compare the financial management of the Treasurer, Peter Costello, with the likely financial management of a Labor government. I have already spoken in a historical context about what the Australian Labor Party did. I have already indicated the absolute economic mess the Australian Labor Party left the Australian economy in. As a coalition government, we have had the opportunity to correct that mess. And because we have got very strong economic growth the dividends are now flowing back to the Australian people. Because we have taken the hard decisions and done the heavy lifting, we are able to reward the Australian people with income tax cuts.

Let us compare that with the budget handed down by the Queensland Labor government yesterday. The Queensland Labor government, a brother of the federal Labor
Party, provide an indication of what is likely to occur should the federal Labor Party come to power. The Queensland Labor government yesterday delivered their third budget deficit in a row. Interestingly, the editorial in today’s *Courier-Mail* said:

Both he—

being Terry Mackenroth, the Queensland Treasurer—

and Peter Beattie were at pains to portray the Budget as traditional Labor fare in its emphasis on service delivery in areas such as health and education.

How very interesting: ‘traditional Labor fare’. What does ‘traditional Labor fare’ actually mean? Let us have a look at that. We see health spending increased, capital works and disability service expenditure up and an increase in the size of the Public Service and we see economic growth down and unemployment remaining stagnant at seven per cent. This is ‘traditional Labor fare’—the four pillars of Labor Party economic policy, which, as I have said, are high interest rates, high inflation, high expenditure and high taxation.

If we look at what the Queensland Labor government have done in their last budget, we see that, despite the fact they are enjoying a $600 million windfall from GST and stamp duty, they are still running a budget deficit. What is more, their predicted surplus for next year of $153 million is predicated upon a return rate of 7½ per cent. But what do economic analysts predict it will be? They do not say it will be anywhere near 7½ per cent; they predict it will be closer to three or four per cent. And, for every one per cent cut off that 7½ per cent, there is a $100 million loss to the Queensland budget. In likelihood, next year’s Queensland budget will see a fourth budget deficit of, again, several hundred million dollars. This, I contend, is a direct reflection of federal Labor Party economic mismanagement. The bill before this House delivers tax cuts to the Australian people. It is a worthy dividend as a result of strong economic management, and I urge all in the chamber to support the bill. *(Time expired)*

**Mr Gavan O’Connor** (Corio) *(10.35 a.m.)*—The honourable member for Moncrieff’s contribution to the debate on the *Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003* has demonstrated what an economic illiterate he really is. The honourable member for Moncrieff is the only person in this parliament who could describe a four per cent growth rate over four years, left to the coalition by Labor, as an ‘economic mess’. What a revelation that is! He is the only one in the parliament who could describe an inflation rate of below two per cent, left to the coalition, as an ‘economic mess’. Where do you get off? You come into this parliament speaking on an economic bill, a taxation bill, and say that Labor left you an ‘economic mess’. That was the great ‘economic mess’—

**The Deputy Speaker** *(Mr Wilkie)*—Order! The member for Corio will address his remarks to the member by his seat.

**Mr Gavan O’Connor**—The honourable member for Moncrieff used those words, saying that Labor left the coalition with an ‘economic mess’. If we look at the economic parameters and statistics of the time—and I have just quoted two—that is how the member defines an ‘economic mess’. If the member for Moncrieff defines it that way, we are now in an economic mess. Can you see the logic of your argument? You are arguing that growth of 3.25 per cent—lower than four per cent—and inflation under two per cent is a great coalition achievement. You are saying, ‘That is okay; that’s progress.’ And then you reflect on what Labor left you—a better position—
The DEPUTY SPEAKER—Order! I again remind the member for Corio that he must refer to the member by his seat.

Mr GAVAN O'CONNOR—When the honourable member for Moncrieff reflects on what Labor left the coalition—the same thing—he says it is a mess. You are indeed an economic illiterate, so do not come into this House pumping up a budget that penalises working families and then expect the Australian people, and people in your electorate, to consider that you know anything about economics. It is really interesting that you describe one of the most massive structural reforms in the Australian economy over 13 years as a mess. The Liberal Party did nothing; they left it to Labor. Of course the honourable member for Moncrieff is just a newcomer to the House. He is a Young Liberal, brought up in the ideology of the Queensland Right I suspect, and he only wants to believe what he wants to believe. But let me tell the member this: I have been around for a while and I know what the Liberal Party left Labor in government. They left a ramshackle economy that had absolutely no hope of competing in the international marketplace, and Labor restructured it.

The honourable member for Moncrieff has come into this House with his hoary old Liberal shibboleths and has asked us, ‘How can you afford it?’ How can we afford increased expenditure and tax cuts? He is fond of looking at the historical record—just go to the historical record. You do not have to go any further than that. We delivered seven tax cuts during our time in office. I would be interested if the honourable member for Moncrieff were to tell the Australian people how much this government wasted on the war in Iraq—$1 billion. There is $1 billion. What did it spend on advertising before the last budget? It spent $180 million on mostly useless advertising. It is not hard, when we look through your budgets, to find the sorts of economies we need, because you have your priorities wrong. I will analyse the great advances in tax cuts that the honourable member for Moncrieff says are inherent in this bill and let the Australian people decide.

The amendments in this bill give effect to the personal income tax cuts announced by the Treasurer in his eighth budget, delivered last month. The purpose of the legislation is to amend the Income Tax Assessment Act 1936 to increase the low-income tax offset and the threshold at which this offset begins to phase out; the Income Tax Rates Act 1986 to increase personal income tax thresholds; and, as the third element of the bill, the Medicare Levy Act 1986 to increase the income threshold for taxpayers eligible for the senior Australians tax offset. The tax cuts announced in this budget are of the order of $2.4 billion in 2003-04. This is well below the amount that is flowing into the Treasurer’s coffers from Australian households in the form of bracket creep. That is a fact. Treasurer Costello has his hand deep in the pockets of Australian taxpayers and households in the form of bracket creep, and he expects us to believe that he is returning that largesse to Australian taxpayers.

These measures will not be opposed by the opposition, because we do not want to deny working families at least some relief from the burdens that have been imposed on their household income by this Treasurer. However, I put on the public record that these tax cuts are deceptive. First, they simply do not return the amount the Treasurer is taking from Australian families in the form of bracket creep. Second, they are designed to mask the additional burdens that the government and this arrogant Treasurer are placing on families in other areas of the budget. I refer here to health and education. The third deceptive element of this exercise is that they give more to the well off than to low-income families. The honourable member for Mon-
crieff makes a virtue of this. In the Liberal definition of fairness, if you give more to the well off then that is fair. I accept that. That is the philosophy of the honourable member for Moncrieff and that is the Liberal philosophy: you give more to the well off and you screw down Australian households as much as you can.

People are a wake-up to this. The Australian community are a wake-up to the great $4 a week tax break provided by the government and this Treasurer—and the Treasurer, with the arrogant smirk he gets on his face in this parliament, expects them to get on their knees and thank him for this largesse. The Daily Telegraph had some interesting things to say about the tax cuts. They put out a table of ideas about how households might spend this money, which I thought was an excellent analysis. What they had to say was cited by the honourable member for Fraser in his speech on the budget in this House on 14 May. It makes interesting reading because it shows that Senator Vanstone in the other place—a member of the executive—really belled the cat on how valuable this $4 is to households when she said that all it could buy you was a milkshake and a sandwich. Here are some other things you could do with it. As the honourable member for Fraser said:

You can lose it in the wash—
I thought that was a good one—
You could buy two scratchies and try to double your money. You could, as the Leader of the Opposition said on radio, give it to a busker. You could buy a schooner and leave an 80c tip. You could invest it in Pan Pharmaceuticals. You could buy a pet—a mouse, a goldfish or a circus flea ... you could buy one Telstra share—
that is an interesting one—
You could save for three weeks and buy a packet of cigarettes. You could save for 10,000 weeks for a house deposit. Or you could send eight letters to Peter Costello telling him to get real.

That is how the Daily Telegraph saw these great tax cuts from the coalition.

I went to Kardinia Park last Sunday to see my beloved Cats. They did not have a win against the Adelaide Crows, but at half-time I got a bit hungry and I went to get myself a hot dog or a continental sausage. With that $4 I could have bought 105 per cent of a hot dog or perhaps two-thirds of a continental sausage. I would have looked bad going up to the food van and asking for two-thirds of a continental sausage. I could have got four dim sims and really splashed out. That is the sort of deception that is in these tax cuts.

At the same time the Treasurer is giving these tax cuts, he is wading into working families in the form of increased costs for their pharmaceuticals and for their visits to the doctor. He is hopping into them in not delivering on a promise on the family tax benefit, and of course now we have the driver of that magical mystery tour bus, the Minister for Education, Science and Training, getting in on the act and lumping further debt on working households if families want to send their kids to university. It is a deceptive budget because it masks what this Treasurer is really attempting to do.

Members opposite in this chamber were very keen on criticising the Labor Party in power about the tax cuts that we provided. We provided seven of them. This one, I believe, is the coalition’s second tax cut. What we did not do was introduce a GST that people are still paying for—pensioners and low-income people. We did not introduce the biggest tax in Australia’s history, but we did give seven discrete tax cuts. So, against that background, do not come into this chamber saying to members of the opposition that you are somehow virtuous with your second tax cut.

I recall the specific promise that the Prime Minister gave. We all know the Prime Minis-
ter is fond of non-core promises. What a quaint statement that is: ‘There will be no new taxes under the Howard government.’ They made great play of the fact that they introduced a GST and removed a plethora of indirect taxes. ‘There will be no new taxes,’ the government said. What did we get? We got an Olympic tax of $3. The Olympics are well gone, but the tax is still there. The government are still levying a tax on Australian travellers for the Olympics—and they have been over for years. Yet this is the government that said there would be no new taxes: ‘Once we introduce the GST we will do away with all these other taxes, and there will be no new taxes.’ But it does not end there. They imposed another tax—the Ansett ticket tax—and they are still raking in $13 million a month from that tax. That was their commitment: ‘We will not introduce any new taxes. The GST will abolish a plethora of taxes.’ Yet I have just nominated two.

Every time an Australian family goes on a holiday for which they have saved—say they want to zip up to Queensland—Treasurer Peter Costello has his hand in their pocket. If you thought it ended there, it does not. This is the government that has introduced a milk tax. So every time a household goes down to the local milk bar and buys a litre of milk, 11c of it goes to Peter Costello. The deception on the taxation front by this government is an extraordinary situation—but it does not end there. You might have thought that it ended after the three taxes that I have mentioned. But the government have imposed a sugar tax. So every time you put sugar in your tea, you are paying Peter Costello, the Treasurer. Honourable members opposite ought to be a little bit careful when they get up in this place, because their Treasurer is the highest taxing, biggest spending Treasurer, and this is the highest taxing, biggest spending government in Australia’s history.

I grew up in the 1960s. There was a prophet of the 1960s called Bob Dylan. I used to like listening to Bob Dylan. He had a song called Like a Rolling Stone—I think that was the title of it. When he got to the chorus, he would wail out, ‘How does it feel? How does it feel?’ I say to coalition members, ‘How does it feel to be the biggest taxing government and biggest spending government in Australia’s history?’ It must make you sick to your stomachs because you want to portray yourselves as low taxing, always giving tax cuts and returning largesse to the Australian people. But you are the biggest taxing, biggest spending government in Australia’s history—and it is a Liberal government.

The honourable member for Corangamite, who represents the seat which is over the Barwon River in Geelong, indulged himself in a fantasy the other day in this House on the GST. A federal Liberal government introduced a GST, yet this federal Liberal government will not accept that it is a federal tax. So they fiddle the books and do not put it in the revenue that is raised by this Treasurer. The Auditor-General knows it is a federal tax—he said so. The Australian Bureau of Statistics say it is a federal tax—they document it as such. It would appear that there is only one person with authority in this chamber who believes it is not a federal tax, and that is the Treasurer. And there are others on the coalition side who try to put into the political ether this fantasy that the GST is not a federal tax. This GST was introduced by a federal Liberal government. It is a federal Liberal tax. The Auditor-General said so and the Australian Bureau of Statistics said so, but the Treasurer and people like the honourable member for Corangamite do not believe it is.

On the government’s own figures, tax revenue will surge from $159.8 billion in 2002-03 to $166.5 billion in 2003-04. When
you add the GST of $32 billion, the real tax take is $198.6 billion. This federal Liberal government has its hands so deep in the pockets of Australians it is extraordinary. It gave a commitment not to introduce new taxes, and it has: the Olympic tax, the Ansett ticket tax, the milk tax, the sugar tax—the list goes on.

Unfortunately, it does not stop there. This government is proposing increases in the excise on petrol and diesel and is now going to introduce a new excise on LPG. This particular measure is going to impact very heavily on people in my electorate. We have spent years convincing Australians that they ought to move away from petrol and diesel and put their vehicles on LPG. Indeed, I have done that as an example in my electorate, and there would be many other members who have done the same. The great incentive for people to make that change and convert their vehicles was the excise concession on LPG that made it cheaper. But this Treasurer wants to introduce a new excise on LPG.

I do not want to hear any more hypocrisy from members opposite. Yours is the biggest taxing, biggest spending of Liberal governments—in Australia’s short history. This budget measure is deceptive. It masks what the Treasurer really wants to do to Australian families in health and education. There are big impost in those areas, and he wants working families to believe that $4 extra in their pockets is enough. We have seen the despondent Treasurer. He will not take the Prime Minister on for the leadership. He has no ticker. We on this side call him ‘Old Yella’—he just does not have the ticker to take the prize. (Time expired)

Ms JULIE BISHOP (Curtin) (10.55 a.m.)—In speaking on the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003 today, I seek to put the tax cuts, the subject of this bill, into a longer term context. I believe that the decision to deliver tax cuts, in the context of this budget and against the current global economic climate, will in time be seen to represent a profound economic and policy triumph for the Treasurer and for the government. I believe that the government’s preferred option of returning surplus funds to the taxpayer will represent an even greater victory for Australian taxpayers, workers and investors.

The 2003-04 budget, delivered by the federal Treasurer on 13 May, is a budget that any nation anywhere in the world would be proud to call its own. It is a budget that reflects the times in which we live, the uncertainty of the global economy and the gathering strength of our own domestic economy. It is a dream budget—with a budget surplus, this government’s sixth budget surplus, delivering an underlying cash surplus of $2.2 billion; with increased spending not only to meet fixed commitments but also to provide for increases in health funding, with $42 billion for public hospitals and $917 million over five years through the package A Fairer Medicare. It is a budget with a substantial increase in higher education funding of some $1.5 billion over four years, growing to an extra $870 million each year once fully implemented, to enhance our higher education sector. It is a budget that has taken into account the necessary increased spending on defence of some $2.1 billion over five years, including our contribution to military action in Iraq. It is a budget that has added $411 million over five years to our spending on domestic security.

So it is a budget which has given a surplus plus increased spending on defence, security, health and education—surely the priorities for any national government—and, on top of all that, personal income tax cuts. It is a beautiful budget. No other country in the developed world can boast such a budget, certainly not this year. Some may be cutting
taxes, but they will not be in surplus. Some may be in surplus, but they will not be cutting taxes. Some may be increasing spending, but they will not be in surplus or cutting taxes. But here in Australia the budget is in surplus, there is increased spending and we are cutting taxes—all this against a background of global economic instability, against the need to fund defence commitments to the war on terror and against a domestic economy that has to wear the impact of a drought that must be one of the most devastating in our nation’s history, wiping about one percentage point from GDP growth this year.

How has this been achieved? The economy is robust and extraordinarily resilient. In fact, in comparison to most major economies, it is booming. We are anticipating that our economy will expand at about 3¼ per cent. In comparison, other major economies have lost momentum—the US, Japan, Germany, indeed the Euro area. Yet the Australian economy has continued to grow solidly. It does not happen by accident. It is not that we are just plain lucky. It is because of the government’s dedicated commitment to reform.

It is a funny thing, but often it is hard to see ourselves as others see us—and so it is the case with our economic good fortune. Often it takes the IMF, the OECD or a similar global organisation or international economists or commentators to assess and pass comment on the sound economic management of this country and the strength of our economy for us to truly appreciate our achievements. Take the most recent OECD Economic survey of Australia 2003. I quote from the executive summary:

Dogged pursuit of structural reforms across a very broad front, and prudent macroeconomic policies firmly set in a medium-term framework, have combined to make the Australian economy one of the best performers in the OECD, and also one notably resilient to shocks, both internal and external. Incomes growth has remained brisk, employment is expanding, inflation is under control, and public finances are healthy. All the indications are that the continuing effects of previous reforms will continue to help the economy to combat shocks in the immediate future.

That is a pretty good scorecard. That is about as good as it gets. Last year, the Secretary-General of the OECD, Mr Donald Johnston, was in Canberra. I had the opportunity, with others, to meet with him. He was full of praise for the government’s handling of the economy and for our commitment to reform. He spoke of our Treasurer as one of the most able and competent finance ministers within the OECD. This was last year, before the Treasurer was able to announce his sixth budget in surplus with tax cuts. In reference to what Mr Johnston said at our meeting, I quote again from the OECD economic review of Australia. It says:

The Government’s commitment to reform, its willingness to commission expert advice and to heed it, to try new solutions, and to patiently build constituencies that support further reforms, is also something that other countries could learn from.

The review states in its conclusion: Australia’s current and recent economic outcomes place it among the top performers in the OECD. It is against the extraordinary achievements of this government in economic terms that we are able to turn to this particular piece of legislation. This bill will amend the Income Tax Assessment Act 1936 to increase the low-income tax offset and the threshold at which the offset phases out, the Income Tax Rates Act 1986 to increase personal income tax thresholds, and the Medicare Levy Act 1986 to increase the income threshold for taxpayers eligible for the senior Australians tax offset. This means that the bill will cut personal income tax for about nine million Australian taxpayers. It represents a total tax reduction of some $10.7 billion over the next
four years. And this is the main point: this government is in a position to cut taxes—we can pay for it.

Of course, the Labor Party in their churlish way are still saying that this tax cut is too small. In his budget reply speech, the Leader of the Opposition declared that this was the smallest tax cut in history. The member for Fraser said it again this morning, as did the member for Corio. No doubt all speakers from the opposition will trot out this line. It is a little bit rich coming from the Labor Party. By that standard, where would one place the tax cuts of the Labor government of 1993? If $10.7 billion is the smallest tax cut in history, what do we make of a party that saw fit to announce tax cuts, sign them into law, dump them and then, to add insult to injury, actually increase taxes like sales tax and fuel tax? The Labor Party are the party of fringe benefits tax, capital gains tax and wholesale sales tax. This is not a party of tax cuts and prosperity; the Labor Party are reflexively opposed to wealth and job-creating tax cuts. This is the party of class warfare and austerity economics. The Labor Party offer no policies in the areas of tax reform and economic reform, let alone any policies that the Australian voter might find even semiplausible.

By comparison, the coalition’s track record speaks for itself. When we came to office, Australia was encumbered with an unwieldy, inefficient, indirect tax system. As to the matter of tax rates, bearing in mind that the marginal tax rate is the rate on the last dollar of income earned, Australian families faced income tax rates at that time of 34 per cent after only $20,701 of income, 43 per cent between $38,001 and $50,000 and 47 per cent after $50,000. On 1 July 2000, the coalition cut income taxes by $12 billion—the largest personal tax cuts in history—raising the threshold to $6,000 and reducing rates to 17 per cent between $6,001 and $20,000, 30 per cent between $20,001 and $50,000 and 42 per cent between $50,000 and $60,000.

This legislation before the House today has increased the thresholds for the various tax levels and has provided a more generous low-income tax offset. Low-income earners will receive the largest proportional reductions in income tax under this legislation. The new tax thresholds are: no tax payable up to $6,000 of income and 17 per cent up to $21,600. Remember, the applicable rate until this government stepped in was 34 per cent after $20,701. The new tax threshold is 30 per cent up to $52,000. The applicable rate when we came to office was 47 per cent after $50,000. The new rate will be 42 per cent after $62,500. Again, the applicable rate used to be 47 per cent after $50,000, and the new tax threshold will be 47 per cent over $62,501. So we should put these tax cuts into perspective, given where personal tax rates were under Labor and how we have brought them down over time. Of course, we have not stopped at income tax. Company tax has been slashed to 30 per cent from 36 per cent, we have effectively cut capital gains tax in half, and the list goes on, for the government is committed to tax reform.

These tax cuts have been welcomed across the taxpaying public. People are not saying, ‘This tax cut isn’t enough. Take it back.’ They are not saying, ‘Look, I’d rather the government kept this $10.7 billion and thought up some scheme or program to spend it on.’ They want to make the choice of what to do with their money. This goes to the very heart of the issue of tax cuts. As a matter of philosophy, should we not give back to the Australian people—to the taxpayers—money that is theirs so that they can be in a position to take more responsibility for themselves and make decisions on what they wish to spend their money on? Should
we not give them choices and allow them to put their spending priorities in place?

Australians expect the national government to give priority to security and defence. We have done that. They have come to expect from a Liberal-National government a stable economy and a balanced budget—indeed, in the case of Liberal-National governments, they expect budget surpluses—and they recognise their responsibility to pay a fair share of income tax. But they also know that they should pay no more than is necessary. It is incumbent upon governments to ensure that the tax collected from its citizens is collected in a fair and efficient manner and, in turn, that it is spent in a fair and efficient manner. Beyond that, if a government has the ability to give a tax cut—if it can pay for it—then a tax cut should be given.

Also, we should not shy away from engaging in debate about further tax reform. The Australian economy is performing extraordinarily well, but there are risks. For us to ensure our continued global economic success we must continue our reforms. We must have a debate on further tax reforms—on what we can do to make our tax system more competitive. I look forward to the day when the Labor Party rediscovers an insight as old as economics itself: that cutting marginal tax rates encourages supply. I applaud the commitment to tax cuts that this government has made and that has been provided for in this legislation. I commend this bill to the House.

Mr SWAN (Lilley) (11.11 a.m.)—I think it is true to say that too many Australian families are doing it tough. One of the reasons they are doing it tough is the very high effective marginal tax rates that are punishing them. When they work overtime to get ahead they do not get the incentive that the member for Curtin was talking about. They are facing effective marginal tax rates, after the withdrawal of social security benefits, of 60c in the dollar. Here we are talking about people earning between $30,000 and $60,000 a year. The NATSEM figures show that 800,000 Australians are paying effective marginal tax rates of 60c in every dollar of overtime they earn. These people do not work overtime to have John Howard and Peter Costello put their hands in their pocket and take 60c of every additional dollar they...
earn—money they earn so that they can afford to educate their kids.

These people have to work harder because, everywhere they turn, costs are increasing for essential services like health and education. They are hit coming and going. They are caught in an enormous financial squeeze, the nature of which is obvious but which very few in the government understand at all. As the member for Curtin demonstrated just now, she does not have a clue about who is actually paying very high rates of taxation. So what we get from the member of Curtin is arguments about the top marginal rate. I think the top marginal rate is a factor when it comes to incentive, but there are a lot of people below that level paying much higher effective marginal tax rates than those on the top rate—a direct consequence of the so-called tax reforms of 2½ years ago, which we were told were a bonanza for Australian families.

On the one hand we were told that there would be very generous income tax cuts which would more than compensate people for the additional GST that they would be paying. Of course, that has turned out not to be true. On the other hand we were told that there would be tremendous increases in family payments. Not only are there 800,000 families earning between $30,000 and $60,000 paying effective marginal tax rates of 60c in the dollar after withdrawal of the family payments, but also those families are getting far less in their family payments than this government said they would be getting. So far, through its family payments tax clawback, the government has clawed back $1 billion in the last two financial years from Australian families—moneys that were given to those families to feed, clothe and educate their children and compensate them for the additional cost of the GST in feeding, clothing and educating their children.

It is just so clear that members of this government do not walk in the same shopping aisles as most Australians who are struggling to pay much more for essential services—and in many cases to do it with much less, because the income tax cuts that they were supposed to get are not there to the extent that they ought to be there and the family payments that were supposed to be there are not there to the extent that they ought to be there. That is what is not in this bill. When the government comes forward with a tax cut of $4, it is little wonder that people are cynical and sceptical.

On the one hand, people are taxed more than ever before. This is the highest tax take in Australian history. That is sapping incentive to work overtime. On the other hand, people are forced to pay more out of their pocket for health and the education of their kids. Into this environment we had the outrageous comments of the Parliamentary Secretary to the Minister for Family and Community Services in the Australian on 22 May. Bear in mind that the parliamentary secretary for family and community services is a member of the executive in the biggest spending department of the Commonwealth, with a budget in excess of $60 billion. He said of baby boomers who expected free medical care and education that they ‘make me want to throw up’.

This reflects the attitude of the government across the board. These are the people that are caught in the squeeze that I was just talking about. Many of these are baby boomers. Not all baby boomers are rich, like most of those opposite or like the member for Curtin, who spoke before me. There are many baby boomers who are struggling to bring up their kids, struggling to get them a university place, struggling to keep them in university, struggling to keep them in high school and struggling just to get by. But that is what the
parliamentary secretary for family and community services thinks of them.

Many of these baby boomers on modest incomes are people who, on the one hand, are struggling to look after ageing parents and cope with the consequences of their ageing. They are often experiencing great difficulty in getting them into a nursing home and paying for them to be in a nursing home. On the other hand, they are struggling to make sure that their kids will at some time in the future—or now—be able to access tertiary education. These people are caught in a classic financial squeeze. That is why they are called the ‘sandwiched generation’. Under this government, they can expect a lot more of that.

When you look at the third term agenda of the Howard government, what does it boil down to? At one time, we were told that work and family were going to be the defining agenda of the Howard government in its third term. Where has it been? Where was the announcement on paid maternity leave that we were promised time and time again? Where is the incentive for average workers if there are effective marginal tax rates of 60c in the dollar? Where is a whole host of policies that could help people be good parents on the one hand and good workers on the other?

This government claims that it stands for family values but at every turn opposes any measure that this parliament could take which would enable parents to spend more time with their kids. It is classic John Howard, isn’t it? It is just so John Howard—family friendly, but any measures whereby parents could spend more time with their kids, from paid maternity leave to reasonable working hours, have gone. When they work overtime, there are effective marginal tax rates of 60c in the dollar. Overtime has gone. That is just so John Howard—saying one thing and doing another. We will not go into numerous other examples outside the area of taxation—children overboard, Hollingworth, you name it. He is saying one thing and doing another.

In the middle of this, the Prime Minister and the Treasurer come into the parliament with their budget and want us to be grateful for their $4 a week tax cut. We have the highest tax take in history and the highest effective marginal tax rates on average and lower income earners in history, and they want us to be grateful for a $4 tax cut. And then, of course, we have the revelations of the Prime Minister’s Roman holiday—the $40,000 hotel bill in Rome, behaviour which is probably typical of the royal families of Europe and the Middle East. In the middle of that, we have to be grateful for a $4 tax cut. Isn’t this government so in touch with average Australian families? It has not got a clue about the pressure on Australian families, and we see that in the tax system, the debt trap and, particularly, the high effective marginal tax rates.

It is not just the 60c in the dollar which is hitting the 860,000 Australians with that effective marginal tax rate. It gets higher. If you are unemployed, you lose up to 87c in the dollar over the threshold when you move from welfare to work. Once again, this is just so John Howard. The government says, ‘All those people out there on benefits are all bludgers. We expect them to go out and find any casual work that they can get and we expect them to take it.’ That would be fair enough if it was available. The problem is that when they do it they are taxed 87c in every additional dollar they earn over the threshold. The member for Curtin said that she believed in incentive. She only believes in incentives for those at the top. She does not believe in incentives for those moving from welfare to work.
It gets worse. There are effective marginal tax rates of up to $1.10 in some of our benefits—effective marginal tax rates that high for those that have kids on Youth Allowance. These are predominantly low-income families. NATSEM researcher Gillian Beer has done an analysis of the number of individuals facing effective marginal tax rates in excess of 60 per cent. Her research shows that the number facing high effective marginal tax rates has doubled over the period 1997 to 2002. It has doubled. That is some tax reform. The number of people paying that level of tax on overtime has doubled under this package. With a bit of number crunching, we discover that something like only seven per cent of taxpayers have improved incentives as a result of this government’s changes; 93 per cent do not have them.

Let us look at this current tax cut. Those earning under $20,000 get just $85 in tax cuts—$1.60 a week. That is not enough for a load of washing, let alone a sandwich or a milkshake, as it was described by the Minister for Family and Community Services. She has a lot of hide saying these things. On the one hand, she says it is a lot of money if it means the welfare bill, but on the other hand it is something we should all be grateful for because it is a tax cut. Those earning between $21,000 and $27,000 are getting clobbered as well. They are only getting that cut because of changes in the low-income rebate. It is not actually coming as a pure tax cut. It is not coming from marginal tax rates.

The work of NATSEM shows that 40 per cent of the tax cuts go to the top 14 per cent of income earners. That gives you some idea of how this government has set about organising its finances. Put that on top of the high effective marginal tax rates. Put that on top of the imposition of the GST. This is a government that is very strong in taxing the weak but very weak in taxing the strong, and that has continued through measures in this budget. It gets worse when you get to the family payment system. It is simply a debt trap. As I said earlier, over $1 billion in debt has been handed out to families under the system through no fault of their own. This is all because of the government’s administration; this is not because there are people out there deliberately trying to rort the family payment system. A billion dollars clawed back! One in two families is getting the wrong payment. Over 600,000 families are paid too much and are hit with a debt. And 400,000 families are paid too little and have to get a catch-up payment. Of course, if they do not claim that within a year, they are not eligible for it, which is unlike any other provision in the tax system. Even those people get caught.

That is before we get to what has become the latest outrage in the family payment system, which is twofold. First of all, these budget papers finally reveal the extent of the family tax benefit clawback. Families will receive less help from family tax benefit payments this year compared to last year. Family tax benefit payments to families in 2002-03 will decline even in nominal terms compared to 2001-02. Just consider it—this is supposed to be a family friendly government, and family payments are declining between those two financial years. Compared to the projected estimates in last year’s budget, families will receive $723 million less in family tax benefits in 2002-03. Family friendly, are they? That is just so John Howard. That adds up to a whopping $400 per family less in family tax benefit during 2002-03 than the government anticipated.

This leads me to a second point: the appalling policy that this government has in pursuing the debts. This parliament has heard all about the various sneaky and mean ways that the debts have been clawed back. There was the stripping of tax returns until we raised it in the parliament and called a tem-
porary halt. The latest outrage is that the government is now saying to families that the primary way of repaying this debt should be by credit card.

Dr Emerson—What’s the interest rate on credit cards?

Mr SWAN—Seventeen per cent. To Australian families who get a debt that they are not responsible for—they did not cause it; it has come about through the shambles of the government’s payment system—they are now saying, ‘We’re so generous; we’ll allow you to pay it off on your credit card.’ The minister has been constantly saying in the Senate and the Prime Minister has said in this House on numerous occasions when he has been questioned on this issue that they have the main option of paying it off out of their future payments. Never mind how disruptive that is to family life. These are supposed to be payments that are there on a fortnightly basis so people can feed and educate their kids on a daily basis. Kids’ feet do not stop growing because the Prime Minister cannot get his family payment system right. Kids do not even stop eating because the Prime Minister cannot get his family payment system right. I can tell you that there will be a lot of families that will be in a real mess if the family payment debts are all now going on the credit card. A great transfer to Australia’s financial institutions that would be.

The point about all of this is that the government’s policies are placing families deeper and deeper into debt. Not only do they need a credit card when they visit the doctor but now they need it to pay off their family payment debts. This government is hooked on debt. Of course we saw the record foreign debt figures yesterday. No government that understands the pressure that families are under would push this credit card repayment policy, and no financial counselor in this country would ever advocate such an irresponsible policy response. If this had been thought up by an individual, they would have been sent off for counselling but, because it has come from the Howard government, it is considered legitimate. It is just another indicator of how skewed priorities and policies are in this country. It is just so John Howard.

That comes on top of the baby bonus flop. At the time it was introduced we said it would, at best, provide $10 per week for a parent to stay at home—which is a tremendous amount of money for them, I would imagine! It will be greatly appreciated by all those families. Of course, it is $2,500 if you are at the top and doing very well, but it is $10 per week to the average family. Once again, at every step this government has proven that it is just incapable of delivering meaningful assistance to families.

The budget papers reveal a grimmer position with expenditure on the baby bonus lower than we had ever thought. It is falling way behind initial projections. You will all recall that the baby bonus was the centrepiece of Howard’s family policy in the 2001 election. It was announced with much fanfare in, I think, the last weekend of the campaign—’Aren’t we family friendly? We have this tremendous baby bonus. Aren’t we cute? Aren’t we cuddly? Aren’t we terrific?’ When it was introduced last year, the baby bonus was expected to provide $335 million in assistance to families in its first two years. But the budget papers show that the estimated benefit from the baby bonus in its first two years has slumped to $230 million. It is a bit like the clawback of the family allowance—
Dr Emerson—The claw.
Mr SWAN—The old claw again—rip it out of the families and put them under more financial pressure. The claw—it is so John Howard. Out comes the claw all the time, putting families under financial pressure. I do not think anybody should be surprised—especially when they look at taxation and what is going on in the health system and the education system—because it is just so John Howard.

Dr Emerson—It’s the Liberal way.
Mr SWAN—It is the Liberal way. Of course, the government is now saying that we can have it for the next 18 months as well. Aren’t the Liberals just so generous to Australian families?

Mr BARTLETT (Macquarie) (11.31 a.m.)—It is a pleasure to speak on the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003. The name of the legislation says it all: personal income tax reduction—personal income tax reduction for nine million Australians. Listening to the speakers on the other side, anyone would think that this is bad news. They have been scratching around trying to find something negative to say—no matter how distorted; no matter how out of touch and factually incorrect—trying somehow to put a negative spin on what is essentially a very positive measure and essentially very good news.

Anyone would think from the comments of those opposite that this was bad news. ‘It’s not enough,’ they cry. ‘The cuts should have been greater. The cuts have been too small. The cuts have been too badly targeted.’ Yet what did we hear in their response to the budget—the budget-in-reply speech? All we heard was begrudging support for this measure. They were almost dragged kicking and screaming to support the government’s legislation, through gritted teeth acknowledg-
income tax cut of $329 a year. For an income earner on $30,000, there will be an income tax cut of $208 a year. For an income earner on $55,000, there will be an annual income tax cut of $448.

Another feature of these income tax cuts is that the thresholds for non-resident taxpayers will also be raised, but their rates are different. As an example, for that lower tax bracket, the threshold will be raised from $20,000 to $21,600. Non-residents in that bracket are on a marginal tax rate of 29 per cent, rather than the 17 per cent for resident taxpayers.

The third feature of this legislation is an increase in the Medicare levy threshold for senior Australians who receive a rebate under the senior Australians tax offset system. Their thresholds will be raised by $500. So, before they become assessable by $500. So, before they become assessable by Medicare levy, they will be able to earn a higher level of income. For single retirees that threshold will rise from $20,000 to $20,500 and for couples the threshold will rise from $32,612 to $33,612, depending of course on the way the income is split between the couple. The net effect of this is that single retirees will have no tax liability until they are earning $20,500 a year and couples will have no tax liability until they are earning $33,612 a year.

The net effect of this legislation is tax cuts right across the board for nine million Australian taxpayers—for low-income earners, for workers and for senior Australians. Yet we have heard cries of feigned outrage from the other side that they are not good enough, that they are not correctly targeted and that they do not help the people who really need it. But, as I said before in response to those empty, hollow cries of ‘this is not enough’, what did we hear when we had the opposition leader here two nights after the budget with the opportunity to deliver greater tax cuts? What did we hear? Deathly silence. They are agreeing to go along with us. Reluctantly, through gritted teeth, they are saying ‘Yes, we will somehow have to support the government’s tax cuts but, no, we can’t offer any more,’ in spite of all of the cries and the feigned outrage about these tax cuts not being sufficient.

The second cry we heard from the other side—and we had the same typical, predictable rhetoric from the member for Lilley—was about the tax cuts somehow targeting the wealthier rather than the poorer. Yes, in dollar terms, higher income earners will receive a higher dollar tax cut. The fact is that they pay a lot more tax. But, if you look at it in percentage terms, it is a nonsense to say the tax cuts favour the well off. For an income earner on $10,000 a year, it is a tax cut of 16 per cent from the amount of tax that they are currently paying; an income earner on $21,000 a year will have a tax cut of 10.7 per cent from what they are now paying; going up the scale to higher income earners, a taxpayer earning $25,000 will have a tax cut of 7.2 per cent; and an income earner on $55,000 will have a tax cut of 3.1 per cent. The simple fact is that those on lower incomes are getting a greater percentage cut in their income tax; those on higher incomes are getting a lower percentage tax cut. So the tax cuts in percentage terms are doing exactly what you would expect: they are favouring the low-income earners in percentage terms. In dollar terms, obviously those who are paying more tax are getting a greater dollar reduction in their income tax. This package is affordable and this package is fair in both ways, contrary to the nonsense we have heard from the other side. It is a fair package. In the next four years it is going to deliver $10.7 billion—$10,700 million—worth of income tax cuts.

Look at some of the media commentary on this. On the day of the budget we heard
the financial commentator David Koch on Sky News saying:

These tax cuts are a huge win for everyone in Australia.

Other commentators have made similar comments.

Let me broaden this. This tax cut is indicative of this coalition government’s commitment and our record in lowering income tax levels where we can. After meeting the areas of need, after meeting those priority areas of government spending and continuing to repay Labor’s debt, we will, where we can, return some of the tax paid to workers, families and retirees in income tax cuts. We have seen that in this budget. This budget had to deal with unexpected measures. It had to deal with the extra cost of the war on terrorism and with the extra cost of probably the most severe drought of the last century.

It also dealt with other areas that quite rightly required increased funding: increased spending on education, an extra $1.5 billion for tertiary education; and increased spending on defence and security—most necessary in our very insecure and unstable world—with more than $2 billion extra over the next five years for defence and an extra $411 million for domestic security measures. This budget addressed extra spending in the area of health, with another $917 million over the next four years for Medicare and an extra $10 billion under the Australian health care agreement to help the state governments run their public hospitals. After all those areas of increased spending and after paying off another $2.2 billion of Labor’s debt, this government will be able to return $2.4 billion next year in income tax cuts to the Australian people. The policy is that where we can, after meeting those higher priority areas of need and continuing to live within our means and repay Labor’s debt, we will reduce income taxes.

If you look back over our period in government, history confirms this. In our first term in office we raised the tax-free threshold for low-income self-funded retirees in a way that matched the threshold applying to low-income pensioners. We extended that further in our second term of office. This government agreed to refund the excess dividend imputation credits. We have effectively halved the capital gains tax rate. We have reduced the company tax rate from 36 per cent to 30 per cent. We have substantially increased the rebate for single-income families, especially those families with young children, through the family tax benefit part B. Right throughout, where we can, we have shown that we have a record of reducing the income tax burden. Under the new tax system, the ANTS package that started in July 2000, there were annual income tax cuts of $12 billion.

And yet we have had cries of supposed outrage from the other side about this. It is worth pointing out that those income tax cuts would have been even greater had the opposition supported the government’s package, the new tax package, in July 2000. We wanted to raise the threshold for those higher income tax rates even further—from $50,000 to $75,000. Labor opposed the $12 billion in income tax cuts that we provided in July 2000. Net tax cuts overall, after removing sales tax, wholesale sales tax and some other taxes and replacing them with the GST and providing personal income tax cuts, equalled $6 billion. The government cut total taxation by $6 billion. This government’s record is, where we can, to reduce taxation. That is our record and this budget continues that record and shows our determination to keep tax rates down where we can.
There is more to do. We need to raise the thresholds further to effectively lower tax rates where we can. We need to provide further incentives for people throughout the tax scale. We need to further simplify the personal and business tax system. We need to reduce the superannuation surcharge. There is more to do. If we can get support from the opposition and the minor parties in the Senate, we may well be able to do that.

We can deliver on tax cuts. Australian taxpayers would have no chance under Labor. Compare Labor’s record with that of the coalition. Labor’s l-a-w tax cuts vaporised; they disappeared into the ether and were replaced by an immediate rise of 2.5 per cent in sales taxes right across the board. Those sales tax rates went up 2.5 per cent in the first budget, immediately after the re-election of the Keating government in 1993. The opposition opposed the $12 billion in personal income tax cuts that this government delivered just three years ago. What do we hear in the budget reply speech? There was no promise of bigger income tax cuts—not only will we spend more and give bigger income tax cuts; we will also somehow magically provide a bigger surplus.’ This is the magic pudding approach, the fantasy land approach, to fiscal management that we hear so often from the other side.

Anyone knows that you cannot spend more and tax less without running a deficit. If you spend more and tax less and you run a deficit, you put upward pressure on interest rates. Home buyers around this country still remember the pain they suffered from record high interest rates under the Labor government. The reduction in interest rates since this government has been in office has substantially reduced the monthly mortgage payment by hundreds of dollars, depending on the size of the mortgage. The interest rate burden on Australian home buyers has been reduced by hundreds of dollars a month. If we were to return to the wasteful extravagance of those on the other side who want to spend like drunken sailors, we would have higher deficits, higher debt, higher interest rates and no doubt higher taxes.

The member for Fraser, the shadow Treasurer, let the cat out of the bag this morning. He said, ‘No, we can do it all. We’ll just reorganise our priorities’—code for putting up charges somewhere else. We know one of their priorities would be to remove the rebate on private health insurance. Millions of Australians currently receiving a rebate on their private health insurance
would immediately find themselves paying probably an extra $750 a year, because Labor would be removing that private health insurance rebate.

This government are committed to sound economic management. Through that sound economic management we have been able to deliver spending in areas of need. We have been able to deliver lower income tax rates. We have been able to repay Labor’s debt—$63 billion of their debt has been paid off over the last seven years. We have been able to deliver lower interest rates. It is not just me saying this. Let me quickly refer to an economic article in *Bloomberg*, which said this about Australia:

Australia can afford its tax cuts, the U.S. can’t.

It’s a sign that the gap between the health of Australia’s economy and other industrialised ones is growing, and investors should pay close attention. Yes, Australia’s been a star-performer for a few years now—under this government—

And, yes, some investors may have missed out on the rally in the Aussie dollar. But more likely than not, this economy will continue to outperform most.

To understand why, look no further than the government’s latest budget.

*Bloomberg* says that Australia is a stand-out performer and can afford its tax cuts because of this government’s sound fiscal management. The article goes on to say:

If Australia has shown the world anything in recent years, it’s the economy’s ability to surprise.

If you’re looking for an example of an economy that’s forging its own path, independent of the weaknesses slamming most, Australia is it.

That is great praise for Australia. The government’s commitment to sound economic management is allowing it to deliver for the Australian people, for Australian workers and Australian families and retirees, reductions in personal income tax rates. Compare that with the empty rhetoric and unaffordable promises from the other side. The government can deliver because of its sound economic management. While the other side plays games with empty rhetoric, this side delivers sound management and benefits for Australian workers.

Mr PRICE (Chifley) (11.50 a.m.)—I must say that I have a regard for the honourable member for Macquarie, who represents a seat in Western Sydney. Even if he cannot, as chairman of a parliamentary committee, answer questions, I am happy to place on the record that I have a regard for him. He has made quite a number of provocative remarks in his contribution on the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003 that I think are worthy of some response.

I suppose one of the most irritating things we hear on our side of the House is this constant harping about what interest rates rose to under the previous Labor government. If we were in government after seven years, I think we would be proud of our own achievements and want to talk about them and about what we wanted to do in the future for the people of Australia—not hark back to seven years ago.

Let us take the point about interest rates. How have low interest rates benefited all those people who rent accommodation? I accept the proposition that those that are paying mortgage repayments benefit from low interest rates, but I ask the Parliamentary Secretary to the Minister for Foreign Affairs at the table to give me a list of renters in her electorate who have received a letter from the landlord saying, ‘Look, thanks to the Howard government’s interest rate policy, your rent has now been reduced.’
Mrs Gallus—It hasn’t gone up as much as it would have under Labor.

Mr Price.—A very interesting point. I thank the parliamentary secretary for the interjection, because this is the nub of it. What the honourable member for Macquarie did not say about people with mortgages in Richmond, Windsor, Katoomba or anywhere else in Western Sydney—where nearly half of Sydney’s population lives—is that people are paying more in monthly repayments on their mortgages than they ever did under Labor and the share of their earnings in mortgage repayments is even higher. Mortgage repayments for housing loans in Western Sydney are more now than they ever were under Labor.

Mrs Gallus—What would interest rates have been under Labor?

Mr Price.—You can talk about interest rates. What the ordinary people of Western Sydney—the mums and dads—are concerned about is what comes out of their salary and wages and the commitments they have to meet. Under John Howard, mortgage repayments are at a record level, notwithstanding the fact that interest rates are low. I think the parliamentary secretary ought to take a reality check and go and ask some of these people about that rather than crowing.

I want to make a couple of points. This $4 a week tax cut has been described—not by me but by Amanda Vanstone—as: ‘Five dollars, hell, what will it buy you? A sandwich and a milkshake if you’re lucky.’ In other words, the standard of living of the people of Western Sydney will now be increased because they are now each week able to afford an extra sandwich, which a family would have to cut up for each family member—hope you don’t have more than four in your family—and then they would have to divvy up the milkshake! It is a very small tax cut. I think tax cuts are good, by and large. I do not oppose this tax cut and Labor does not oppose this tax cut, but what do we raise taxes for? I do not think the people of Western Sydney thought, when they were filling out their income tax returns, that they would be paying $45,000 for hotel accommodation in Rome for the Prime Minister. I do not think they saw that as one of the priority expenditures that their personal income tax should be paying for.

In Western Sydney, the great richness we have is the people of Western Sydney, especially the young folk. If you talk to parents out there, they will tell you that they want the young people of Western Sydney to have opportunities that they did not necessarily have or were not able to avail themselves of. Education is a very important issue, because often education has been the key to success in life. The degree to which you are able to develop your own potential is often the key to your success in life. It is true that we have never had 30 per cent of young people in Western Sydney going on to university. I have always said that all I want for the young people of Western Sydney is their fair share. It is true that campaigning for things like the University of Western Sydney have made a difference. Perhaps one of the most interesting statistics about that university, with some 35,000 students, is that it is the university with the most students that are the first in their family to attend university. I am very proud of that and I know that the university is very proud of that. That does not mean, as the minister for education suggests, that we somehow wish to disown those who go on to do the traditional activities of people from Western Sydney—going on to TAFE or into the world of work—of course it does not. In fact, in Western Sydney, we probably have the greatest incidence of people attending TAFE. We are very proud of our TAFE institutions and we want them to deliver the
maximum for their students, but we are also proud of the University of Western Sydney.

The great tragedy is that, when we come to talk about issues like income tax, we in the Labor Party have a fundamental difference with the government of the day. We are the party that believes in opening up opportunities for people. We do not say that people should get their way in life because of the length and weight of the silver spoon in their mouth. We understand that rich people get privileges—that the creme de la creme and the blue-rinse set of the Liberal Party will always tend to get a greater shake of things—but we want a fair opportunity for our people in Western Sydney. These changes to education are fundamentally going to hurt us. They are going to rob people of opportunities for careers and they are going to leave this nation poorer rather than richer.

Given the opportunity, we believe it is a worthwhile thing to invest in people. We cannot compete as the lowest cost nation—that is just utterly absurd, given the work rates in Indonesia and China. Our future rests in the skills and talents of our people. Therefore, it is a responsible and an appropriate thing for governments to invest in those institutions that are going to deliver those skills. This government is going to rob people in Western Sydney of those opportunities. People in my electorate will be spooked by the increase in the HECS rate by 30 per cent across the board. They do not like debt. We have yet to get across the idea that it is reasonable to invest in people’s education.

We must never let the people of Australia forget that when a Labor government introduced HECS—as difficult and controversial as that was—we always said, ‘We will spend every dollar we receive and put it back into the system.’ We did not see university education as some sort of taxation opportunity. I am deeply offended by the second-chance opportunity that is being offered. I want people of merit in my electorate to be given a chance at a university place, because the majority of parents in Western Sydney are not going to be able to either contemplate or afford going into debt to give their sons and daughters that sort of second-chance opportunity. We think it is a legitimate public purpose for our taxes to be spent on worthwhile things like education.

I do not want to forget some of the things that the member for Macquarie said, but one of the things he did not talk about was the Howard government’s taxation on children. Every child in Western Sydney, in New South Wales and in Australia is facing a daily tax. It is hardly mentioned in the community, but there is a daily tax on children in this country. Why do I say that? Because there is a milk levy. Every time a child drinks a litre of milk there is an 11c levy on it. Every family in Western Sydney pays a tax of 11c when they drink a litre of milk. It is a children’s tax, a pernicious tax—but we did not hear anything from the member for Macquarie about it.

I know there is a need to go through industry restructuring. It would be a lot easier if we knew that the money hypothecated to help needy dairy farmers was actually going to those farmers. It is a matter of history that millions of dollars have gone to one dairy farmer—to construct things like polo fields, for goodness sake. This is an absolutely disgraceful tax on children in Western Sydney and throughout Australia, but the member for Macquarie did not talk about its impact on the children of Richmond, Windsor or Katoomba. The same goes for the sugar levy, another one of the hidden taxes and charges of the Howard government. The government tell you that they are the purest and best in relation to taxation, but every time you buy a
kilo of sugar you pay a 3c levy. I think this is an outrageous charge on ordinary people.

I want to raise a couple of other matters. The one tax that I am really very upset about is one I would call a vicarious tax. People do not know that they are liable for it, and it—that is, the debts that people run up with Centrelink—hits some of the neediest families in Australia. I could give you case after case of pensioners or families who provide full information to Centrelink but, unknowingly and because of an error by Centrelink, get into debt to the tune of hundreds—or, in some cases, thousands—of dollars. Wouldn’t you think that if an organisation made a mistake they would be accountable for it? Not on your nelly. You can let Centrelink know all the information and act with goodwill, with no suggestion that you have tried to withhold information or deceive Centrelink, but you still run up these bills and charges.

This is a terrible system, and it is striking family after family, including part pensioners. I know of cases where the amount of money owed is in the thousands of dollars. There is no suggestion of deceit and no suggestion that the individuals have not done the right thing, but they are still liable. I think it is an outrage. It is a vicarious tax. No-one knows when they will be hit with it; no-one can predict the amount. If we have to have taxation—and I am sure even the honourable member for Cook will agree that we need to have taxation—and we have a marvellous history of inventiveness—we need to invest in the longer term in research and development and, I might say, in commercialisation. If you start cutting back in this area you do not get hit with lag effects straightaway; it takes some time. But when you readress the problem and try to ratchet up again you have lag effects.

Again, the tax cut addressed by the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003 is not opposed by Labor. We say to ordinary families, ‘Get in there and buy your sandwich and your milkshake just as Amanda Vanstone has suggested,’ because with bracket creep—that is, as people’s salary and wages increase and they go up the tax scale—this, like all their other dollars under the Howard government, is going to disappear. This government has a unique record in that it has never handed back bracket creep at all—not in part and not in full measure. If you look at taxation in the Labor years you will see that we did hand back bracket creep. I conclude my remarks on that note.

Mr Baird (Cook) (12.08 p.m.)—It is my pleasure to speak on the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003—following the member for Chifley, who is always an interesting speaker. He is in the wrong party of course but we need to be kind to the member for Chifley, as I am sure Mr Roozendaal has told
him the bad news that he is likely to lose his seat at the next election. We would not want that to happen, but what can you say when you hear the types of economic policies that have been outlined by the member for Chifley and the whole of the opposition?

I was here in the chamber when the Leader of the Opposition gave his response to the budget—with rent-a-crowd up in the gallery—on this very issue of the tax cuts proposed by the Treasurer. It was very interesting. Afterwards I went through the Parliament House web site using ParlInfo and searched for the word ‘economy’. I could not find the word ‘economy’ in the speech by the Leader of the Opposition, despite the fact that that was the centrepiece which we were all debating. The words ‘economy’ and ‘economic’ did not appear once in his budget reply speech, yet he had all of his supposed supporters cheering in orchestrated response to each syllable he uttered—but that was for different reasons to do with his own failing leadership.

When you look at the Leader of the Opposition’s speech, it is particularly interesting to see that he starts off with the question of the tax cuts. We would have thought that this would be the centrepiece, because we remember in the lead-up to the budget questions about taxation cuts and attacks of the type we have heard from the sandwich and milkshake brigade. The Leader of the Opposition in his speech on 15 May said:

**Instead of improving life** for families, this budget is making things worse. It is giving Australian families a miserly $4 tax cut while destroying Medicare and charging them more for education. I thought, ‘Here we go. He’s going to say, “We are going to have far more generous tax cuts under our proposals and we regard this as not enough.”’ But what happened? He was singularly silent. He did not utter another syllable on tax cuts—as he well might have done, because he had created the expectation that this would be forthcoming—and instead outlined all of his great spending commitments. What he was saying, based on the old magic pudding formula, was that it is simply a matter of taking a whole lot of tax cuts—the government’s tax cuts being not enough—increasing expenditure very significantly and increasing the surplus. At the bottom line, how do all of those things relate to one another?

There was a very interesting article in the *Daily Telegraph* on Saturday, 17 May following the budget. Mr Michael Duffy had looked at the response from the Labor Party and said that it reminded him of ‘the widespread nostalgia in Russia for the good old days of communism’. I have just led a delegation from the Joint Standing Committee on Foreign Affairs, Defence and Trade through the former Eastern bloc. It is a pity none of the Labor Party members could join us on that occasion. People talked in those places about how part of their population look back to the good old days when the communists were in power. There was quite a bit of that sort of looking back in the speech the Leader of the Opposition gave. Michael Duffy said:

The amount people want government to do for them appears to be limitless while the amount of taxes they are prepared to pay is specific—less than they pay now.

... ... ...

Labor is egging on the discontented by pretending we can have it both ways. Once in government, though, the ALP would have to confront the realities.

I think that says it all about the response by the Leader of the Opposition to the budget. The Leader of the Opposition talks about increasing the size of the tax cuts, increasing government expenditure and increasing the surplus, but we all know that this is not possible in a finite world.
What we have in this bill are some sensible reforms in taxation and an acknowledgment of bracket creep. I listened with interest to the statement by my colleague the member for Chifley that the Labor Party had always returned bracket creep to members of the public. We on this side of the House remember those famous lines about l-a-w and we are still waiting for the delivery of those tax cuts. The tax cuts in this bill are real. They are modest, in line with the commitments the government has made to defence spending, the war on terror, drought assistance to farmers, assistance with Medicare, the higher education changes that have been outlined, very significant assistance to older people and assistance to people buying their first home—all important aspects of the budget. Considering the constraints under which the budget was framed, I believe that any tax cuts at all are a significant achievement by the Treasurer—and indicates that he is interested in tax cuts, but in a responsible way. Being responsible is something that does not come easily to the members opposite, but on this side of the chamber we believe in sound economic management—sound economic management which produces a surplus of $2½ billion. That is one of the reasons, through the sale of assets—

Mr Fitzgibbon—Underline, underline—

Mr Baird—Absolutely; as you did. I remind the member at the table about the sale—as I remember it—of Qantas, Australian Airlines and the Commonwealth Bank. They all seem to forget when they go into opposition that that is what they did. We are not saying there is anything wrong with that, but let us be credible and honest—

Mr Fitzgibbon—You had a fire sale.

Mr Baird—It was no fire sale. You know quite well that delays in the sale of Telstra have cost the Australian taxpayer a significant amount of money. This government has now repaid $66 billion of the some $84 billion of accumulated debt that you racked up on the government credit card while you were in office. I think that stands as one of the monumental reasons why people do not trust the Labor Party and why there is such strong confidence in the coalition to administer the economy. To show no regard for the level of debt that you accumulate and no interest in repaying the debt is basically irresponsible.

These tax cuts provide incentive for the community and for those workers who are out there working hard day and night. They do provide some modest relief, but the budget has also been framed in the context of being responsible, providing for a budget surplus and ensuring that we have the growth rates that are appropriate in this country. The 3½ per cent growth rate that is forecast in the economic papers that have been produced as part of the budget puts us in front of the league of modern industrial countries. If we look at the OECD countries, we see that it puts us right at the top of the table. These figures would be the envy of some of the past stellar performers that we have seen. If we look at the economies of the USA, the UK, Japan, Germany or France and compare them with the growth rate of Australia, Australia leads hands down—it is no contest. Part of the reason is ensuring that we have a surplus. It says in the budget papers:

Australia continues to do better on its budget performance than most developed countries. OECD projections show most OECD countries are expected to record budget deficits in 2003 and 2004. The average budget deficit for the OECD as a whole is expected to be 3½ per cent of GDP.

Not this government, not this Treasurer.

It is clear that we have taken a very responsible approach to the framing of the budget. It provides modest tax cuts, it provides a surplus, it provides for continuing economic growth, and it allows for all the
significant aspects of managing the economy and expenditure that we have in Australia today—particularly the war on terror, assistance for farmers in relation to the drought, assistance for the older community and tax breaks.

The tax cuts are in addition to the tax cuts that were outlined in July 2000, and these tax cuts—which I am sure the members opposite would like to forget—were the largest tax cuts in Australia’s history. Some $12 billion was provided to the workers of Australia, and it was extremely well received. As I was going around and speaking to people in my electorate, I found that it was extremely well received. People expected that they would receive incentives. This attacked bracket creep in a head-on, dramatic and significant way. I would like the members opposite to go through their own records and point out whenever they had tax cuts that came within a percentage—that even came close—to the tax cuts that were outlined in July 2000.

Mr Fitzgibbon—It was compensation for the GST.

Mr BAIRD—It was far more than compensation for the GST. As we know, the GST goes to the states, for them to enjoy the increased revenue flow. Of course, your mates in New South Wales have got not only the benefits of stamp duty increasing year by year in an extraordinary way but also the increased GST flows. The track record of each of the states, when you look at it, is increased taxation. They love increased taxation. Tax cuts are not part of their curriculum, but they are part of ours.

From 1 July 2003, there will be increases in personal income tax thresholds and additional assistance for low-income earners through a more generous income tax offset. The new thresholds mean that taxpayers on incomes of $35,000 per year will have a reduction in tax of $208 per year. For those on $55,000, the reduction in tax paid will be $448 per year and, for those on an income of $75,000, the reduction in tax paid will be $573 per year. The increases in the threshold will also be reflected in the amount of tax that is withheld from taxpayers’ income. That is in terms of personal income tax. Altogether it is worth $2½ billion—quite a substantial amount. Listening to members opposite as they spoke on this, as they went on with the normal rhetoric, I did not hear too many of them congratulating the government on the assistance to low-income earners—it was just not there. They are supposed to be concerned about it, but the chardonnay set opposite are not interested.

The government will assist low-income earners by increasing the low-income tax offset from $150 to $235 per year. This means that they will not pay tax unless their income exceeds $7,382, which is up from $6,882. And of course, the income tax offset will not start to phase out until a taxpayer’s annual income reaches $21,600. As a result of the changes to the low-income tax offset, the income level up to which the offset can be claimed increases from $24,450 to $27,475; so this is a significant benefit.

Of electorates around Australia, mine has one of the highest levels of older Australians, with some 18½ per cent being over the age of 65 years. The incentives provided for older people in this budget have been welcomed in my electorate. In fact, from the budget outline, senior Australians eligible for the senior Australians tax offset will pay no tax on an annual income of up to $20,500 for singles, compared with the current $20,000, and up to $33,612 for couples, compared with the current $32,612.

There are three significant pillars in terms of this budget’s tax changes: firstly, a change in personal income tax; secondly, assistance derived by low-income earners from the off-
sets provided and the increase in the threshold of the phasing-out point; and, finally, assistance to older Australians and those who have retired who, as a couple, will not have to pay tax on income of up to $33,612, which is a significant amount. I would have thought that all members of the House would welcome these changes.

It is interesting to compare the opinions of those in the community with the attitude of those opposite. The outline of the opinion page of the May 17-18 weekend edition of the *Sydney Morning Herald*—which does not always provide editorials favourable to the government or attack the opposition—states: Crean fluffs budget lines

In trying to woo back the Labor disenchanted, the party must be careful not to spurn others for cheap political expediency. The Crean speech consciously eschewed business in the wishful thinking that wage-earners will be attracted by the old us-and-them divide.

That is what we have seen opposite—cheap political expediency, rather than a constructive approach to the issues that confront us and support for the government in its war on terrorism and with its assistance to those confronted by drought. What we should be seeing is support for these tax changes—support for this budget’s assistance to older Australians and to those who are in the low-income bracket. Not only does the coalition say this but also a *Sydney Morning Herald* editorial states that it is ‘cheap political expediency’. It is not responsible economic management. It is not considering the constraints under which the Australian economy operates in this time of uncertainty and modest tax cuts that are very welcome by the community. Suggestions about what is required are simply overlooked by those opposite.

**Mr Edwards**—Thousands of dollars a night being spent on the PM’s hotel accommodation.

**Mr Baird**—I am glad I have touched a raw nerve. They do not like the fact that others say that they are not offering a responsible alternative. What we have seen is those opposite simply ignoring the reality that we have a budget that is in surplus and we have provided tax cuts.

Despite the rhetoric opposite, the Leader of the Opposition had his chance to come into this House and say, ‘Look, this is not enough and, as far as I’m concerned, I would double the tax cuts.’ He had his opportunity, but he gave all of one sentence to the words ‘tax cuts’—and the word ‘economy’ was not mentioned at all. As I have said, he calls this tax cut miserly. But has he offered to change it, increase it, double it, triple it or take it away? There is nothing but a total void. What we have from those opposite is a whole lot of hypocrisy. If they are serious in that they do not think these measures are enough, then they should say, ‘We would increase them.’ If they want to spend them on other areas of the budget, fine; they should say, ‘We would not provide these tax cuts.’ But they cannot have it both ways, as Michael Duffy said in his article of 17 May.

This is a responsible budget that provides modest tax cuts for the workers and professionals of Australia, and it is welcome right across the board. It is obvious that we look forward to a time when even greater tax cuts will be provided, where even greater expenditure will be possible. But, given the constraints under which we are operating, I believe that it is to be commended that we have these tax cuts with the outlines that are here—the changes that are being made in the percentage and the thresholds that are being changed. I believe these types of initiatives will ensure that the coalition is supported by those in the community.

I listened with interest to those opposite in their response to the budget. But clearly it is
the coalition government that is taking responsible economic management parameters in framing the budget. Those opposite like to outline where they would spend and how they would increase taxation cuts. But they have not outlined how those two relate to each other—it is magic pudding time. Real responsibility lies with this government, and I certainly commend these measures to the House.

Mr FITZGIBBON (Hunter) (12.28 p.m.)—It is always a pleasure to follow the member for Cook—a pretty popular member around the place, I would have thought. I must say that he is an articulate member of this House—a very experienced politician and a former state minister, who has now served in this House for some time. He is always pleasant to listen to when he is on his feet. The problem is that he never really says all that much. While he presents his case to the House eloquently, looking back in the Hansard you will find a fair bit of tedious repetition and very little substance in what he has had to say.

Again today, in speaking on the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003, the member for Cook rolled out the now very tired line about Labor governments being high tax and high spend. The fact is that the present government is charged with a much greater offence, and that is being a high-tax, low-spend government. That is the key point to be made here today. It is a high-tax government—now officially the highest taxing government in our history since Federation, with a tax rate of around 17 per cent of GDP. But at the same time Australian families are finding the cost of education, health care and a whole range of government services more expensive, despite that heavy tax cut.

I am indebted to the member for Chifley for reminding me that these days, when we go to buy our milk and sugar or purchase an airline ticket, we face additional levies. That is the government’s approach to micro-economic management these days: if there is a problem in the economy, produce a new tax to address it. Do not very cleverly manipulate your budget and prioritise your tax and spending initiatives; just put in an additional tax and fix the problem that way. That is no way to fix the problem.

The member for Cook was surprised that the Labor Party had not congratulated the government for delivering this tax cut to low-paid working families. We are talking $1.63 a week. The member for Cook wants all of us in the Australian Labor Party to cheer and applaud the government for delivering a tax cut of $1.63 per week. The point has been made by previous speakers that there is a thing in economics we call bracket creep. As wages rise, people get pushed into a higher income tax bracket and, of course, government revenue swells. The idea, if you like exercising sound economic management, is that from time to time you return the proceeds of bracket creep through income tax cuts. That is what the Labor governments that ran this country between 1984 and 1996 regularly did. They returned the proceeds of bracket creep by way of income tax cuts.

That is something this government has not done in seven years. It has introduced a goods and services tax—a new tax the Treasurer still claims has not had a negative impact on Australian families. That is absolute rubbish. Not a day goes by when I do not have a constituent talk to me about the impact of the GST on their budget. The member for Cook reminded us that there was a big tax cut in the year 2000. As I pointed out by way of interjection, that tax cut was about one thing and one thing only: attempting to compensate Australian families for the impact of the GST. It did not compensate them adequately, but that is the only example
the member for Cook was able to give regarding any effort on the part of this government to give some income tax cuts to Australian families.

This bill is about providing the legislative basis for the tax cut announced by the Treasurer in this year’s budget. It means a $4 tax cut for middle-income earners—those earning between $30,000 and $50,000 a year. As I said, for lower income families, it is a cut of around $1.63 a week. I am in a higher income tax bracket, so I am happy, because it is $11 a week for me. But where it really counts—that is, with struggling Australian families—there is nothing in it at all, and Minister Vanstone made that point very clearly, much to the chagrin of the government, when speaking in the Senate recently.

The member for Cook wanted to dwell on low-income families. There is an increasing debate in this country about the haves and the have-nots. We are an increasingly divided society. That is always going to be the result when you are a high-tax, low-spend government and when your only real plan for the country’s budget is to have a fire sale of assets, which is something else the member for Cook alluded to. If you are going to be high taxing and low spending, then you are going to have a negative impact on working Australian families. In this country we have an increasing divide between the haves and the have-nots. A number of factors determine the gap between the haves and the have-nots. The first factor is private incomes.

Dr Stone interjecting—

Mr FITZGIBBON—The parliamentary secretary at the table is again going to claim credit for a low interest rate regime in this country, and she likes to remind us that for a period when Labor was in office interest rates in this country were high. Surprise, surprise. You never hear them acknowledging that interest rates internationally were also high. We also hear the government claim credit for the economy weathering the storm of the Asian economic decline. It was the value of the Australian dollar that took us through that very difficult period, but you do not hear the government too often claiming credit for the spiral in the Australian dollar through that period.

I was making the point that there are two basic factors which determine the difference between the haves and the have-nots. The first is personal income. Obviously, if people are earning more they are going to be better off than people who are earning less. The other thing that determines the size of the gap between the haves and the have-nots is the government budget. For 13 years under Labor, it was nice to listen to the delivery of budgets that had vision. Throughout the course of that period there was always something in a Labor budget; always something to take on a national issue, through Working Nation or One Nation; always an initiative to tackle—for example, regional unemployment. Labor budgets were always nation building exercises. We just do not see that any more. Budgets have become dry pieces of accounting with no vision for the country whatsoever. I challenge the parliamentary secretary at the table to indicate by way of interjection where the example of vision in this current budget is. There is none whatsoever.

Dr Stone—Higher education reform and—

Mr FITZGIBBON—I am very thankful to the parliamentary secretary for nominating two things. First, she has nominated reform to the education sector, which is going to push up the cost of education for young people in this country and make university less accessible. The Minister for Education, Science and Training comes in here every day and says that he wants to give everyone a
chance to get a medical degree. Of course, if a person who wants to get a medical degree cannot get into medicine on the basis of his or her score, he or she will be able to pay for their medical degree. In working-class electorates like mine we call that the thin end of the wedge. This is the beginning of a user-pays approach to education in this country—‘Get an education if you can afford to get an education’.

The other example the parliamentary secretary gave of a vision in the budget this year was reform to Medicare. The ‘destruction’ of Medicare is how I would describe it. For the first time it removes the universality of Medicare, creating a two-tiered system that, again, will push up the cost of medicine and health care for Australian families. That is to say nothing of what it is going to do for the key issue in health, which is, of course, preventative health measures. The point I am making is this: the government’s budget is a critical tool for narrowing the gap between the haves and the have-nots in this country.

You will always get some families earning more than others, so it is up to the government to ensure that everyone has an opportunity to enjoy a basic, decent standard of living in this country. But this government wants to go to user pays, as I have just indicated.

What a fanciful thing for the education minister to say: because 70 per cent of people do not go to university, they should not be paying for it. I have made the point before that our taxes go towards museums, art galleries and all sorts of cultural institutions. Not too many people in my electorate have access to those, simply because of distance. But no-one argues that our taxpayers’ money should not go into museums, art galleries and like. And surely no-one is going to argue that when we invest in our education sector we invest in the nation. We all derive benefits from educating the people who will go on to be our doctors, engineers and architects. That is the point: it is an investment; it is not a user-pays system. It should not be about just the person getting the direct benefit paying for the public good. It is about investing in those people to ensure that we are an internationally competitive nation. The government’s budget should be about addressing those issues and narrowing the gap between the haves and the have-nots. One way of doing that is making sure that the have-nots can go to university.

In terms of budgets, one would have thought that progressive tax systems did the most towards reducing that gap. That would seem an obvious point to make. But it is interesting that, in a 1996 study, the Government Statistician found something quite different. He found that it was actually the spending side of the budget that did the most to reduce the gap between the haves and the have-nots. But, once he had determined whether it was the progressive tax system or the spending side of the budget that did the most to reduce the gap between the haves and the have-nots. But, once he had determined whether it was the progressive tax system or the spending side of the budget that did the most to reduce the gap between the haves and the have-nots.

What are non-cash benefits? Cash benefits are, of course, family assistance measures such as payments from the government to families for child care and like. Non-cash benefits are, for example, investments in health, housing and child care and university infrastructure. These are the things that make the greatest contribution as we strive towards equality in this country, but these are the things that are missing. What is missing now is a vision for this country—an acknowledgement that people understand that taxes
are raised for good reason. None of us likes paying them, but people understand that it is right to make a collective contribution to nation building and the provision of services and to ensure that we have a tax system that produces equality in this country. I will tell you what will not produce equality in this country, Madam Deputy Speaker: cuts in health, education and regional infrastructure—including, I might say, national highway funding, which produces an important economic transport link in this country.

I can give numerous examples in my electorate of where national highway funding continues to fall short in important infrastructure projects. I cite the Kurri Kurri Corridor, which is an important proposed road link between the F3 freeway and the New England Highway north of Branxton. It would provide a bypass for a number of communities, including Maitland, Cessnock and several communities in between. It would remove a number of accident black spots and, of course, enormously improve transport efficiency through the Hunter to the port of Newcastle. It would bring 100 communities, like Singleton and Muswellbrook, closer to the port of Newcastle and Sydney. It is an important example of how investment in infrastructure, as opposed to cash benefits to families, can improve economic growth in a community and the economic wellbeing of the people who live in that community.

What will not reduce inequality in this country is a tax cut of $4 on average. Yet members want to come in here and request that the Labor Party acknowledge, cheer and applaud the government for this measure. It has been seven years. There has been no return of bracket creep. This is the highest taxing government in the nation’s history, at 17 per cent of GDP. This is a government that has introduced a flat consumption tax, which, by its very definition, is a regressive tax. This is a government that has just announced in the budget that it is going to whack people who use LPG in their motor vehicles.

Talking about high-taxing, low-spending governments reminds me that LPG is a transport fuel that people were encouraged to switch to, largely on environmental grounds and to address our increasing oil import dependency. The Hawke and Keating governments took a conscious decision not to tax this fuel—there was no excise to be applied to LPG or compressed natural gas. But when the GST was introduced, it was 10 per cent in one hit. LPG was hit relatively harder than petrol, because at least in petrol the government reduced the excise to partly offset the impact of the GST. It did not reduce it enough, I might say, but at least unleaded petrol had an excise decrease to partly offset the introduction of the GST. LPG had no such decrease, because there was not any excise on LPG. LPG took the full brunt of the GST, and now the government tells us that by 2008 LPG will also attract an excise.

It has been a double whammy for people who use LPG in their vehicles. Many of those people have spent a couple of thousand dollars converting their vehicles to LPG, as was the government’s wish on environmental grounds and on the grounds of reducing oil import dependency. Now they are being penalised. The impact is not only on motorists but also on an emerging industry. We have car manufacturers in this country working towards production of dedicated gas vehicles. What do you think is going to happen to investment in that subsector of the automotive industry? It is going to dry up, to the detriment of that industry.

The government might think it is very clever finding itself another $600 million a year and introducing another new fuel tax but, when you look at the net impact on the economy and the impact on Australian families, you have to ask yourself whether it has
been well thought out. My colleagues in the Senate were asking some questions on that this week. Hopefully, they will have teased out the extent to which the government gave proper thought to that proposition.

My time has almost gone. I just want to reinforce this: if the government wants to put the proposition that a tax cut of $4 on average from the highest taxing government in Australia’s history is going to make any difference or assist Australian families in any way, it really is kidding itself.

Mr NEVILLE (Hinkler) (12.48 p.m.)—In addressing the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003, let me say that I have always thought that the member for Hunter was a person with a bit of an upbeat look on life. I cannot believe that he has such a negative view of this country. Before I go to the substance of my address, Mr Deputy Speaker, I trust that you will allow me a little latitude in replying to some of the matters that do not necessarily go strictly to the reduction of income taxation.

The member for Hunter spoke a lot about universities. He knows quite well—as was illustrated yesterday in question time—that there are going to be no fewer HECS places; in fact, there are going to be appreciably more. What will be different is that, as it stands at present, less than two per cent of people who cannot get into a university—who have the appropriate OP score but not the appropriate OP score for a HECS funded place—will have the opportunity of obtaining a loan. And they are not locked into that loan for the whole of that course, as the member for Hunter and his colleagues would have you believe. If, at the completion of the first year—or perhaps at the end of the second year—you reach the grade point level equivalent to a HECS place, you can move from a loan place into a HECS place with only perhaps one or two years of the course to be paid off by way of a loan. Even then, you have a 10-year window of opportunity in which to do that.

Today I would like to talk about the bill for a number of reasons. The track record of the opposition when it was in office—and currently the record of governments at the state level, particularly in Queensland—has been quite abysmal. I am not going to dwell at great length on the Queensland budget, but in this speech I want to contrast the attitudes of this government and those of the Queensland government, a contrast between a government operating in the black and another one operating in the red.

It is opportune to do this today in light of the fact that the Queensland government brought down its annual budget yesterday. In the lead-up to that budget, the Treasurer, Terry Mackenroth, sounded very confident about providing more support for health, education, disabilities services and the like. Even Premier Beattie labelled it as a solid Labor budget—surprisingly frank, considering that an estimated actual operating deficit of $350 million has been delivered. I take it that the ALP is resigned to trading in the red in Queensland. That might be acceptable to the ALP but, for any responsible government like our own, spending lavishly on novelty lines such as a football stadium or a footbridge across a river when the state is crying out for regional facilities on the one hand and a balanced budget on the other is just outlandish.

Let us contrast this with the 2003-04 federal budget and see what the comparison is. This government is putting money back into the pockets of the public—$2.2 billion this year. I recall the almost stunned silence from the opposition benches on the night of 13 May when the Treasurer, Peter Costello, announced broad tax cuts for all Australians
amounting to $10.7 billion over the four-year forward estimates. The figure of $10.7 billion is quite remarkable, and it will be $2.2 billion in this year. I could see the opposition brains ticking over saying, ‘Gee, I wonder how he did that.’

In fact, it was quite amazing when you look at the general scenario that was around at the time—the increased costs of security, the war in Afghanistan, the war in Iraq and the conditions of drought. Against that backdrop, to deliver a $2.2 billion tax cut and then another $2 billion reduction in our debt is quite a remarkable achievement. As a result of the government’s fiscal management we have cut our net debt as a nation from the $96 billion debt we inherited from the Labor Party in 1996 to $29.8 billion for this 2003-04 year. What does that mean? It means that we have $4.39 billion available each year as a result of reduced interest payments on that debt. That is $4.39 billion that can go into things like health and education.

A number of opposition speakers have denigrated the level of tax cuts. They have said, ‘What can you do with $4?’ They conveniently did not say that at the various marginal rates a whole group will stay in a lower tax bracket rather than moving up into a higher one. They said nothing of the fact that this restores the very generous tax cuts that we gave 2 1/2 years ago at the time of the introduction of the GST. It is very interesting to hear them being so critical, especially the member for Lilley. Let us take the parliament back to 1991-92. Instead of a cut-off point of $6,000 as we have at present, the battler under Labor started paying tax at $5,400. And he did not pay it at 17 per cent as is proposed in this particular budget; he started paying it at 20 per cent. If you are really worried about the battlers—those on the basic wage—you will see that not only are they paying 17c in the dollar instead of 20c but also, instead of cutting in at $20,700 as it did under Labor, it will now cut in further up the scale. I will refer to those rates in a minute.

Under Labor in 1991-92 the next level was 38 per cent. That 38 per cent went right through to $36,000. Then at $36,000 you paid 46c in the dollar up to $50,000. They were quite remarkably high rates of income tax. The member for Lilley talked about middle-income earners being squeezed in the middle—by golly, they were squeezed then and squeezed good and proper. Now that we can afford income tax cuts for the nation, we will be able to not only consolidate the tax cuts we gave back in July 2000 but also put value back into them. You can try to trivialise that by saying it is only $4 in certain tax categories or you can say that, if these measures were not introduced, over a period of four, five or six years the value of those tax cuts would be eroded. So this government has taken a very positive attitude to it.

Do not disregard the compounded effect of this double shot of the tax cuts—in 2000 we returned about $540 a year to a wage earner on $20,000. The benefit to Australians earning $30,000 was $842 and for people earning $40,000 the income tax cuts were about $1,422. They were considerable amounts in anyone’s book. The government is now retaining that value, as I said earlier, by making the tax cuts in two ways. For low-income earners, low-income tax offsets will be increased from $150 to $235, and where the low-income tax offset currently phases out at 4c in the dollar for every dollar over $20,700, it will now be lifted and aligned with other changes. As a result of these changes the offset will phase out completely at $27,475.

For the vast majority of taxpayers, the income tax thresholds will be lifted across the three bands. The upper limit for the 17 per cent rate will be raised from $20,000 to $21,600. That stands in contrast to Labor’s
$20,700. The upper income limit of 30 per cent will be raised to $52,000. Let us look back to 1991-92. One part of that was at 38c in the dollar and the other part was at 46c in the dollar. So much for the poor people being squeezed in the middle, as the member for Lilley referred to. The upper income tax rate of 42c in the dollar will be raised from $60,000 to $62,500. Interestingly, back in 1991-92, the rate between $50,000 and $60,000 was 47c in the dollar. So just about everyone in the continuum is receiving a better level of taxation.

The Labor Party have criticised these tax cuts here today, but what did they deliver? We go back to the National Press Club on 9 February 1993 when the then Prime Minister Paul Keating said, ‘They’ve been legislated. They are not a promise; they are law—l-a-w.’ I know that phrase is repeated in this parliament over and over again but, nevertheless, why would you criticise all those things that are most positive for middle-income Australians? On top of that, the income tax cuts in this last budget reinforce that against a record of very high marginal rates and a promise that was never delivered.

Going to the heart of the whole matter is a comparison with the ALP’s ability to manage our national economy. That must be quite an embarrassment for the opposition because, put quite simply, the coalition in government has got this country back on track. It still manages to put the dollar back into the pockets of the public. The coalition’s report card compared with that of the opposition is quite remarkable. Under the coalition the unemployment rate is down to around 6.1 per cent. When the previous government left office it was 8.6 per cent. For part of the time that they were in office, it was as high as 10.9 per cent. The coalition has effectively halved what was Labor’s unemployment rate at its peak under the previous Hawke and Keating governments. We have contained inflation to around three per cent. If you take off the spike for the introduction of the GST, it is probably a lot lower—somewhere around two to 2½ per cent.

During the Hawke and Keating governments inflation averaged 5.2 per cent. So we have virtually halved inflation. Of course, inflation is tied to interest rates. I am quite sure those on the opposition benches cringe a little when they hear the words ‘interest rates’—and they should cringe with good reason. Fancy trying to raise one of those families that the member for Lilley talked about—those poor people who are ‘squeezed’, as he put it—when they were paying interest rates of 17 per cent on their home loan. That is effectively three times what they would be paying in interest under this government. So if we look at a combination of three things—the marginal tax rates and how dramatically they have been reduced; the amount the average person would have been paying for the average home loan; whether value was staying in the domestic dollar, by virtue of how much inflation was—we find that Labor failed on all three counts.

Since the coalition took office interest rates have fallen to their lowest levels in 30 years, with Australians now saving just under $4,000 on a $100,000 loan. Also, thanks to the government’s First Home Owners Scheme, around 400,000 Australians have been given the tools in this conducive economic climate to buy or build their own homes. I can remember a lot of people in provincial areas that found this $7,000 loan very helpful. That, in combination with a modest deposit, got people into their first homes. A young female relative of mine bought a house for around $70,000. It was a bit of a bomb and it required $10,000 or $15,000 to get it back into some order, but that $7,000 made a big difference in her capacity to get into a home for under $100,000.
I take some personal pride in the fact that, when the building market was slowing down because it was so attractive to get into the older homes, the Prime Minister—at the behest of a number of us—increased the first home buyers grant for a new home to $14,000. That was very generous. Not only did it give young people the opportunity to buy a new home, it also stimulated employment in a lot of regions.

You can take all those things into account and say, ‘What do all those things mean to the average person?’ Under the coalition, household wealth has increased by 55.3 per cent, which means that the average household now has $6 in assets for every dollar of debt. That is quite a remarkable figure. If the ALP could boast such figures, I am sure they would be very proud of it—but they cannot. Over the last six years of Labor, household wealth increased by a miserable 2.5 per cent per annum. If you are talking about the battler, if you are talking about the member for Lilley’s squeezed middle-income earners, then we have done pretty well as a coalition government.

Let me again touch on a few things in the Queensland budget, to come back to that comparison. Taxation revenue for the Queensland government has surged by 10 per cent more than the government forecast at the start of this year. In other words, their taxation income has surged by $500 million. This translates to every man, woman and child in Queensland paying another $109 in tax to the government Treasury. So while members of the opposition might think that the tax cuts we have delivered are small, at least they will go some way in Queensland to paying the additional taxation loaded on to the average Queenslander by the Beattie government. It is interesting too that the Queensland government is forecast to reap between $30 million and $48 million from the scrapping of the 15 per cent rebate on land tax for companies, trustees and absentee landlords—not to mention that its coffers are already healthier as a result of stamp duty that came from those housing deals that we talked about earlier. Their transport charges have gone up. Their cattle tick fees have increased.

Then there is the infamous ambulance levy. This is a very interesting example of how you can tax people by stealth. Under the old system in Queensland you paid $98 for ambulance cover for your whole family. Now you pay an $88 levy on your electricity account, whether you like it or not. It is going to be applied to each property. So you pay one on your business, one on your home and, if you have a holiday place or a hobby farm, you will pay it again. For example, say a husband is a plumber and his wife is a tax agent. They are probably not earning a lot of dough each but collectively they are getting a reasonable income. They would have two business premises, a home and a shack at the beach to which the power is connected. They will be paying $352 a year in ambulance levies. They are the modest people in the middle-income bracket that, as the member for Lilley has said, are going to be squeezed. By jeez, they will be squeezed all right, and they will be squeezed well and good in Queensland. That is a 350 per cent increase on what the average person would have paid under the old system of ambulance levies.

I could go on with a lot more but time does not permit. If you contrast, first, what this government has done in tax cuts with what the previous Labor government did and then if you contrast this government’s fiscal management with that of the Queensland government, then Queenslanders in particular and Australians in general have a lot to be proud of in this government. I recommend these income tax cuts to the House.

Mr ORGAN (Cunningham) (1.07 p.m.)—On 13 May the Treasurer proudly told us that
income tax would be cut from 1 July 2003, an announcement greeted with cheers from the government benches. No doubt most Australians would have been pleased to hear such an announcement—that is, until they found out how much the federal government was planning to provide them with through these proposed tax cuts. If these tax cuts are passed, the average worker on $45,000 a year will be just $4 a week better off. A whopping $4 a week, Mr Deputy Speaker! That is an amount the Minister for Family and Community Services admitted would scarcely pay for a sandwich and a milkshake, before she changed tack and told people they could save up to $12,000 if they used it to increase their mortgage repayments. That is how desperate the government are to put some sort of gloss on this miserly so-called tax cut. And I say ‘so-called’ because the reality is that the government are simply giving back some of the increase in income tax that they have been reaping from bracket creep.

In his second reading speech on this Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003, the Treasurer told this House:

... the largest proportional reductions in income tax are provided to low income earners ... Some taxpayers with annual incomes between $20,000 and $27,475 will have their tax cut by $329 per year, or 10.7 per cent.

He then drew the remarkable conclusion that:

This is a much higher percentage reduction in tax than that provided to higher income earners. For example, those with annual incomes of $85,000 will have a 2.0 per cent reduction in their tax.

That is all very well and good but we do not spend percentages; we spend dollars. The Treasurer’s budget speech makes it plainer, and I again quote:

A taxpayer on $45,000 will receive a tax cut of $208, a taxpayer on $55,000 will receive a tax cut of $448 and a taxpayer on $65,000 will receive a tax cut of $573.

So the reality is that earning 44 per cent more gets you a 175 per cent bigger tax cut. Where does that leave the Treasurer’s assertion that the largest proportional reductions in income tax are provided to low-income earners? It is a pretty hollow assertion, I would suggest.

The explanatory memorandum to this bill, which the Treasurer tabled with his second reading speech, also shows the rich getting richer while the poor are left with the crumbs. All you have to do is look at the table in chapter 1, section 1.13 on page 5 of the explanatory memorandum. It indicates that the $20,000 threshold goes up by $1,600, the $50,000 threshold by $2,000 and the $60,000 threshold by $2,500. And low-income earners are the big winners, are they? I do not think so.

Since their announcement of this proposed tax cut, the federal government have had to fend off criticism and scorn from many sections of the Australian community. Indeed, research conducted in the days following the announcement of the budget—and I will refer to this research in greater detail further on—shows that an overwhelming majority of the Australian community would rather see the amount the government propose to spend on their pathetic tax cut reinvested somewhere more useful, like into our public services. With an expected surplus of more than $3 billion for 2002-03 and a forecast of $2.2 billion in 2003-04, one might have expected some investment by this government in the nation’s social capital.

The average Australian not only has to suffer the insult of a miserly $4 a week tax cut from the federal government but also must stand by and watch the federal government attempt to strangle our health and education systems to death, making them less
and less affordable whilst quality diminishes. So, from this government, the average Australian gets $4 a week worth of tax cuts—a miserly $208 a year no less—while facing up to a thousand dollars a year in increased health care costs because of changes to Medicare. This is a classic example of 'now you see it, now you don’t', as the government gives with one hand, only to take away more with the other.

Not only will these tax cuts be barely noticeable by the average wage earner, they will disproportionately benefit high-income earners. According to research conducted by NATSEM, the National Centre for Social and Economic Modelling, based out of the University of Canberra, only two-thirds of Australian families will benefit from the budget cuts, and almost half of those families that will benefit will be high-income earners. This is a disgrace.

Many individuals and families in Australia are genuinely struggling week to week to make ends meet. We have a poverty crisis in this country. Many Australians are under increasing financial pressure. Basic necessities like rent and food grow more expensive. The Australian dream of home ownership is becoming increasingly unattainable as a result of spiralling property costs outstripping wage rises and locking families into the rental treadmill. It is therefore a serious oversight by this government in failing to target in the budget those individuals and families who are genuinely in need of financial support. Instead, the government has deliberately targeted high-income earners and given them a disproportionate advantage, over and above those in real need.

According to NATSEM, about 41 per cent of the total benefits of this tax cut will go to families with incomes above $1,500 a week, whilst one-third of Australian families do not pay enough tax to receive any benefit from the proposed changes. On top of this, on average, the tax cuts for single people and sole parent families who do qualify will be lower, averaging $2.70 and $2.20 a week respectively. Rachel Lloyd, Principal Research Fellow at NATSEM, has found:

The greatest dollar benefits go to families on higher incomes. For example, families with a weekly taxable income of $1500 or more will enjoy an average increase in their after-tax income of $13.70 a week ... In contrast, families with a weekly taxable income between $450 and $599 a week will experience an average tax cut of $4.00 a week.

These tax cuts have been overwhelmingly rejected by the Australian people, as a poll in a recent edition of the Sydney Morning Herald indicated. The Herald ACNielsen poll found that more than three out of every four Australians would rather see these, on average, $4 a week tax cuts—worth some $2.4 billion a year—devoted instead to improving our public services. The Greens strongly support such a reinvestment and will be proposing amendments to this legislation in the Senate to reflect the desires of the Australian people in regard to how this surplus should be properly spent. We believe that the surplus should be redirected back into our public education system.

It is abundantly clear that the Australian people want the federal government to invest more in our tertiary education system. Australians do not want to have to pay more to send themselves and their children to university. Already many students are struggling to keep themselves and their kids in university in order to give them greater opportunities for the future. The coalition is ensuring that university education will become a privilege available only to the few, not the right of all Australians.

According to the aforementioned ACNielsen poll, 72 per cent of Australians say they oppose the increased student fees proposed
in the government’s recent budget and within Nelson’s Crossroads reforms. The government is forcing more of the costs of university study onto students and their families by allowing universities to increase HECS and up-front fees. The Nelson loan scheme, rather cruelly called HELP, will simply increase the debt burden on students. Students who are already struggling to meet the costs of university education are concerned that increased fees will put a degree beyond their reach, as Sydney’s Sunday Telegraph reported on 18 May in an article entitled ‘Working students count the cost of the budget’. One contemporary dance student from the University of Western Sydney explained how she juggles four jobs to meet the costs of being an independent student.

A rapidly increasing number of students struggle with multiple jobs to support their way through university. It should not be this way. Students should be focusing on their studies rather than on multiple jobs and earning a living. A third-year law student from the University of Technology in Sydney highlighted the reality for many prospective students when she said that, had she been faced with the proposed fee increases when she was considering tertiary study, university would not have been an affordable option. She said:

University will be unreachable for students like myself who are less financially capable, which means that there will be a return to education for the wealthy.

The DEPUTY SPEAKER (Mr Lindsay)—I remind the member for Cunningham that the debate is on the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003, and I invite the member to come back to the bill.

Mr ORGAN—Rather than investing in the future of the nation, this government is denying opportunities to ordinary Australians. Rather than ensuring a fair Australia into the future, this government continually gives priority to Australians on high incomes. This is, of course, instead of assisting those Australians who genuinely need help—the battlers. These mean-spirited tax cuts, weighted so heavily in favour of the well off, are just another example of the government’s tragically misdirected priorities. The Greens therefore reject this bill.

Ms HALL (Shortland) (1.18 p.m.)—As always, it is a pleasure to speak when you are in the chair, Mr Deputy Speaker Lindsay.

The DEPUTY SPEAKER—I thank the member for Shortland.

Ms HALL—I do not always agree with the actions of the government, and once again I think that the government has let Australians down with the miniscule tax cuts in the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003. It is mean, to say the least, and I feel that the government could have done a little better than it did, particularly when there have been so many other increases in taxation. It hardly balances out. This government has a reverse Robin Hood approach to taxation: it taxes the poor and it gives to the rich. The Howard government is the highest taxing government in Australia’s history, and it is the government that delivered the Australian people the GST—the tax that taxes all Australians every day and in every way. It is with us from the cradle to the grave.

When we look at the taxation legislation that is before us today, it is important that we look at the whole tax picture to be able to get a really good idea of how it impacts on Australian families, of the long-term effects of taxation and, in particular, of how this $4 tax cut—most average Australians will get only $4—will impact within the overall picture. That is the position I am coming from, Mr Deputy Speaker, so if maybe for a moment...
you think that I am not talking about that $4, please remember that I am putting it in the whole picture of taxation.

In doing so, I have to look at pensioners. A single pensioner earns $11,598.60 per year, which includes their pharmaceutical payments. A pensioner couple earns $19,260.80—once again, that includes their pharmaceutical benefits. So you have the pensioners on the one hand whilst, on the other hand, you have company directors and CEOs, like the CEO of Telstra, who earn in excess of $1 million a year. Those pensioners pay the same level of GST on their products as do those company directors. So it is really important that we evaluate how those $4 tax cuts are going to help those pensioners and how the $11 will affect those CEOs, given the big picture that pensioners are affected so badly by the GST. I am sure that everyone in the chamber hears the same sorts of things that I hear in my electorate where pensioners are worrying about having to pay the GST on their funerals; where they are having difficulty paying their electricity; where they have all these enormous problems, simply because they are scraping to make ends meet.

I look at the budget and these $4 tax cuts and ask, ‘How does it benefit the pensioners?’ The answer to that question is: it does not. I have had a number of pensioners ring my office about it, and they have said to me and my staff, ‘It’s all very well giving this measly $4 a week tax cut, but the pensioners miss out.’ The pensioners get not one cent. So that single pensioner who is struggling, trying to balance their budget against the impost of the GST—the single pensioner, who is earning $11,598.60—gets no tax cut at all. It is little wonder that pensioners and families—I will turn to families in a moment—are finding it really difficult to survive.

Looking at how this high-taxing government’s policy has affected Australians, I went to my own purse and pulled out a couple of receipts. I will be relating this back to the tax cuts, the pensioners and how hard the pensioners must be finding it. I purchased a bag and paid $30—and I paid $2.73 GST. A taxi fare cost $18, with $1.80 GST. I bought myself a new bra and, of course, I paid 10 per cent GST on it. In talking about that it is really important to mention that if you have had a mastectomy you pay the GST on a breast prosthesis, which is really very sad. In buying something as simple as a jacket and a pair of trousers, once again, you are paying 10 per cent GST on that. These are just a couple of items that I purchased recently.

I got an electricity bill that has GST on it, the same as pensioners would get. I have insurance on my car, on which I pay GST, the same as pensioners. I am getting a tax cut, but they are not getting a cent. That is really hard for them to come to terms with. When we look at the size of the tax cut for average income earners, we have a level of around $4 a week. That is for people earning the average income of between $30,000 and $50,000. That takes in the majority of Australians in the work force. It is really important to note that these are the smallest tax cuts in the history of Australia—and from the highest taxing government. I find that extremely disappointing.

You can really put into perspective just how small these tax cuts are when you look at the statement that was made by the Minister for Family and Community Services when she was talking about giving unemployed people an extra $5 a week. She said, ‘What can you buy with $5? A milkshake and a sandwich.’ I think that you would have a lot of difficulty trying to buy a milkshake and a sandwich for $5. Maybe you might get a Vegemite sandwich and a milkshake, but it is very difficult to buy a sandwich and a
milkshake for $5. My own lunch was more than that today, and it was just a simple sandwich and an orange juice. When you put it into that perspective, you can see just how low the tax cut was. We all listen to the radio and have heard people ringing in, trying to identify just what they could buy with that $4. In that environment, you could see that not very many people took it seriously. They felt that this was just a gimmick on behalf of the government, a way to make itself look good—and a pre-election ploy, dare I say.

There are a few other issues I think we need to raise under taxation in this environment. Australians are living beyond their means. Australian families are very, very vulnerable. They have been forced into this situation by this highest taxing government, because never before have families had a greater tax burden than they have today. They are burdened with record levels of debt; they are increasingly being forced to live off their credit card. Looking at the proposals as far as Medicare is concerned, I am sure that we will soon be paying for our health care with credit cards.

The other thing that is very worrying for us as a nation is the fact that our savings have reached a record low. Mortgage payments are taking up more and more of a family’s budget. When we look at the inflated prices of housing, how the property market is exploding and how people are committing themselves to large mortgages at a time of low interest, it is very worrying. When you couple that with taxation you can see the impact this tax reduction of $4 will actually have on these families is next to nothing. Consumer confidence is very vulnerable because of the fear that exists in this community that has certainly not been helped by the government and, as I have mentioned, the interest rates, the stock market, price rises and job insecurity.

I will talk about job insecurity for a while and how, once again, that is not helped by the $4 tax reduction that the government has handed to the Australian people. More and more people are being forced to work a number of jobs. They are forced to be employed casually—to spend their time standing by the telephone, waiting for it to ring—and to have very insecure employment. This situation impacts on their ability to buy a home and to plan for the future. It is very worrying when you look at the whole picture and see the pressure that families are being placed under, the pressure that workers are being placed under and the pressure that pensioners are being placed under. When you put all that in the context of this $4 tax deduction that the government is giving to the Australian people, you can see what I was talking about at the beginning of my speech when I spoke about this government having a reverse Robin Hood approach to taxation: giving to the rich, making it harder for the poor and making it harder for Australian families and Australian workers.

It is really important to look at what has happened to tax and the tax burden under the Howard government. The simple little graph that I have before me demonstrates quite graphically just how the taxation burden has increased during the Howard years and how it is at record level. Mr Deputy Speaker, for the benefit of the House, I seek leave to incorporate this graph in Hansard.

Ms Worth—Would you explain it.

Ms HALL—It is a graph of total tax burden showing it at a record high. It is total income to GDP.

Ms Worth—Produced by?

Ms HALL—The source is the Commonwealth Budget Paper.

Leave granted.
Ms HALL—Thank you for allowing me to incorporate that as part of my speech. It graphically demonstrates what has happened to taxation under this government, how this $4 will have such a minute impact and how it will not really benefit our Australian families or our Australian workers. It certainly will not benefit our pensioners or the school kids who are being forced to pay the GST.

The personal income tax burden has certainly increased under the Howard government, and the Treasurer’s budget papers reveal that he will be increasing the income tax burden on Australians even more over the next few years. Once again, I would like to incorporate a paper sourced from the budget. It shows how personal income tax to GDP has increased and will continue to increase up to 2005-06. Mr Deputy Speaker, I seek leave to incorporate that graph in Hansard.

Leave granted.

The graph read as follows—
Personal Income tax burden to rise under Costello

Peter Costello's own Budget papers reveal that he will increase the income tax burden on Australians even more over the next few years!

Source: Budget documents; Total individuals and other withholding.

Tax squeeze on working Australians

Peter Costello claims that income tax is up because there are more people in work BUT

Personal income tax per worker is up – sorry Peter!

Source: Budget Papers; ABS Labour Force.
Ms HALL—I thank the House. I will not seek to incorporate any other items that are sourced in government papers, but the documents I am looking at before me now show how mortgage payments have risen under the Howard-Costello government. Couple that with what is happening with tax, and looking at the impact that this $4 will have on families, it really is a big concern for us in Australia. It shows how mortgage payments under the Howard government have really chewed up the family budget in the years since 1996. Here we have a government that is taxing more. Families have to pay more for the essentials of life and they have to pay more to meet their mortgage payments, yet these same families are being given a pittance of a $4 a week tax cut.

It is no wonder that pensioners are ringing my office and complaining about this issue. It is no wonder that the families that have been hit by the government’s massive family tax benefit clawback are ringing my office and saying, ‘I have incurred an enormous debt because of this system that the government has in place; it is so obscure and so hard to predict my income that I’ve incurred this debt.’ The government is ignoring that. The average family will get $400 less in family tax benefit but, on the other hand, they will get a $4 a week tax cut. This does not even cover the problems that exist in family tax benefits—and does nothing to help the families that have incurred these enormous debts—because of the obscure nature of the legislation and the fact that families are finding it so hard to predict their income.

I dread the time of year when families receive a bill from Centrelink that tells them that they have been overpaid, that they have earned a couple of extra dollars. I find it very hard to cope when I have a mother who is responsible for the care of her children—or a father, but it is usually a mother—sitting before me in tears and saying, ‘How can I repay this debt? I work hard, I try to do the right thing all the time, yet I am hit with this debt.’ I find it really hard to see how this $4 is going to help those families, those women and men who cannot understand why they have incurred this debt.

I find the government’s approach in this budget to be highly cynical. I think it is an attempt to trick the Australian people, but I believe the Australian people are too smart. I do not think they will be tricked by this. I think they are rather insulted that the government has thought that it could buy their vote by giving them $4 a week. The Australian people want good health care; good education, with access to universities; and a good quality of life. They do not want to be given a pittance in exchange for all the things that a government should provide to them.

Mr RIPOLL (Oxley) (1.38 p.m.)—The Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003 is typical of what you get from this government when it comes to any of their legislation—the Orwelian speak that you always find in the naming of these bills when they say that more is less and less is more. The legislation is called a personal income tax reduction, but when we look at it further we see that it is actually a tax increase.

I will get to that in a moment, but at the outset I want to ask: what type of budget was this budget meant to be? If you were Peter Costello and you were thinking about your swan-song budget, your very last budget before you took over the reins of the Liberal Party and before you became the Prime Minister, what sort of a budget would you put together? It would have to be a shiny budget; it would have to be a budget that looked soft; and it would have to be a budget that made people feel relaxed and comfortable but, at the same
time, alert yet not alarmed. That is what you would be after. You would be after something that looked generous but that did not cut into any of the programs that the government might get caught out on—something around the idea of a not too tough budget.

Instead of getting that, we really got more of the same: it is mean, it is very tricky and it is very nasty. It is mean, tricky and nasty to all those people out there who really deserve a fair go from this government but never get it. In this budget, the government gives with one hand and takes away twice as much with the other. This is not a budget based on tax cuts in reality; it is a budget based on taking away from the most vulnerable in our community.

We saw something very interesting yesterday—and I think people will be very interested in it in relation to this budget—when the Prime Minister announced that he would be staying on. By now, I think everyone would have seen the shock and awe on Treasurer Costello's face when he realised that his opportunity to become Prime Minister had just been taken away from him. After all the hard work and after what was supposed to be a mood-changing budget, Costello must have finally realised that, even after eight of these painful budgets, he will have to deliver X number of further budgets. He will not know now how long it will be before he has the opportunity to become Prime Minister, and he may never become Prime Minister. It is as simple as that.

The budget that was supposed to soften Treasurer Costello's image is now wasted. It is wasted on two fronts: one, it did not soften his image; and, two, it actually did not deliver anything for the people. In fact, what was supposed to be a soft-image budget, which gave something to people, is actually the opposite: it is a very hard budget and it is a very unfair budget. It is a budget that attacks low-income earners, and it is a budget that attacks families still struggling under the weight and the cost of the GST—the impost that, forever and a day, will be on every family in this country, on every student and on everybody who is struggling to make ends meet. That is the sort of impost that has been placed on families, but this budget does nothing for that. The one-off tax cuts that people got are long gone. They were swept away very quickly, but the GST is still here, day in, day out, year after year, and people will not forget that. Sure, we will live with the GST—we have no choice, because this government has structured it in a way that it can never be removed—but people will not forget. It is a hard budget for all those people.

It is a hard budget for superannuants, because it does not deal with the serious issues of superannuation taxation. It is a hard budget for university students and their families. They are the ones left bearing the cost of a surplus in the budget. Instead of having a surplus because it has actually managed the economy well, the government has a surplus because it just took it out of the pockets of ordinary people. It reaches down deep, rips out the money and then gives you back just a little of it and says, 'Here's your tax cut.' It is a hard budget because it attacks Medicare, bulk-billing and the standard of living that we enjoy in this country. It is a hard budget because it attacks those people on social welfare who want to get off social welfare—those people who are contributors and who want to do something with their lives but who, under this government, are considered to be people with problems who do not deserve a fair go. This government treats them very badly in this budget.

It is a budget that does not go close to dealing with real issues. Our exporters are struggling because of the Australian dollar. Our tourism industry is in dire straits. It is going down the gurgler because this gov-
ernment refuses to do anything about it. The government is happy to throw money at sugar levies, milk levies and Ansett levies. It will throw money around when it thinks it might get a favour from one of its mates, but it will not help out the tourism industry when it is in serious trouble. It is a budget that is soft on certain things but very hard on many others.

The budget is very soft when it comes to multinational business tax. It is fine to give multinationals a tax cut, to give them a hand up. The budget is very soft when it comes to corporate golden handshakes. It is fine to give your mates a bit of extra help, even if they are already getting millions. When top executives get those golden handshakes because they have failed at their jobs and ripped off their constituency, they not only get the huge payouts that we have seen but also, on top of that, the government says, 'We will give you a tax break for it as well.' It is soft on all the wealthy corporate high-flyers but very hard on ordinary people who need to be given a fair go. At the same time, as I said, this budget does not actually deliver any tax cuts at all, and I will get to that explanation in a moment.

As I said, it is a budget that is wasted on two fronts. Firstly, it did not soften the image of Peter Costello. In fact, I would say that, right now, the Treasurer is feeling bitter and twisted and is a slightly harder man. But, if we are going to talk about ticker, I do not think he has any ticker. He will not be doing anything about it. Other people in his position might do something about it, but I think the Treasurer will just loll along on his merry little way, because at the end of the day he will have no say at all in what goes on in this country—nor, probably, on future budgets. Secondly, the real waste in this budget is that it does not deal with the serious issue of giving people a hand up.

I want to remind people of a couple of things. There is always some irony in things that happen, particularly in this place. Let me remind you of Medibank, of how Fraser killed it off and of some of the statements that Fraser made at the time. I will not read them verbatim, but he said, 'We’ll never change it. I won’t change it.' But what happened when Fraser got into government? He killed it. He did not just change it; he killed it. Let us compare that statement to the statement made by Howard on Medicare. His whole career, Prime Minister Howard has said that he thinks that Medicare is a rort, that it is inequitable; he is going to stab it in the belly, he wants to tear it up, he wants to kill it. But when he is going for government, what does he say? He says that he will not touch it, that he will not change it—because he knows it is a sensitive issue.

Ms Worth—Mr Deputy Speaker, I rise on a point of order. I remind the member that we are debating the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003 and not a Medicare bill.

The DEPUTY SPEAKER (Mr Lindsay)—I thank the parliamentary secretary. The member for Oxley will return to the substance of the bill.

Mr RIPOLL—Thank you very much for that assistance. I am very aware of what I am talking about in terms of this bill. I want to talk about budgets—this budget, other budgets, the effect of this budget, the promises this government has broken—and to do that I need to remind people of what has happened in the past. So at the last election and previous elections we had the Prime Minister saying, ‘I’ll never change it,’ but what happens once he gets into government? The Prime Minister sets about killing off Medicare and bulk-billing.

Let us have a look at something else that is really interesting. What did John Howard
do in terms of the leadership and Peacock? He said, in those famous words, ‘A person with my record of loyalty to the Liberal Party—"

The DEPUTY SPEAKER—Order! The member for Oxley will return to the substance of the bill, please.

Mr RIPOLL—Thank you again for that assistance, Mr Deputy Speaker. I will take it on board.

The DEPUTY SPEAKER—No, you will abide by the ruling of the chair.

Mr RIPOLL—In this particular legislation it is really important to draw out what the people who put this budget together are all about—and they are people you cannot trust. On the leadership question, the Prime Minister said that he was a person who, with his record of loyalty to the Liberal Party and the Liberal movement, did not need to answer questions about the leadership. And what do we see now? The person who put together this budget gets asked a similar question and he says the exact same words: a person with his record of loyalty to the Liberal Party does not need to answer those types of questions. We saw what happened with Medibank, we saw what happened with Medicare, and now we are seeing what happens on leadership—and we are seeing what happens to Peter Costello. But, as I said before, I do not think he has the ticker to follow through. He has no heart at all, and he will not be doing anything about it.

This budget is more about what it takes off people than what it gives to them. Let me refer to an article in the *Canberra Times* called ‘Slugging Australia’s battlers’ by Crispin Hull. This very learned person says that, if you have a look at the budget, you see that there are actually no income tax cuts at all; that in fact there is an increase in income tax. How could that be? How can a sleight of hand and a bit of smoke and mirrors be so effective that the government can stand up here and say that it is going to give you a tax cut but it actually gives you a tax increase? This is how it works: firstly, this budget does not compensate at all for inflation. We have heard plenty about bracket creep, about inflation, about what is happening to people’s incomes in terms of taxation and the actual increases they have had but, as the article says:

Doing the exercise over the period since the existing rates were introduced on July 1, 2000, to when the new ones come into force on January 1, 2004, reveals that for the past three Budgets, Treasurer Peter Costello has INCREASED income tax by a total of about 9 per cent for the vast bulk of people—those on incomes between about $50,000 and $70,000.

If you have a look at what the average income is these days, you might find that it is actually around those sorts of figures. So the government has actually increased tax for the battlers—for the strugglers. But how can that be, when the government says that it has actually reduced it?

Let us have a look at the situation for a battler earning $25,000 a year. If you are on $25,000 a year you know how hard it is—it is just about impossible to survive under this government with that sort of income. So what was their gift, what was their tax cut? A 15 per cent increase. That is the reality. I am not quoting figures from somebody who does not know or somebody who is not educated or might not know what they are talking about; these figures come from someone who has actually done all the calculations on the budget figures. The *Canberra Times* article shows a table which details the marginal rates, the present income rates, tax on CPI, indexation in terms of average weekly earnings et cetera. If you have a look at the indexation for the same incomes and then you look at the budget steps—what the budget has put into place—you can actually analyse
in real terms what tax cuts were delivered by the budget.

Taking into account the actual budget cuts—the measly, miserly $4 that this government offered people—how much of a tax increase did we actually get? Let me read you the figures—and, remember, this is actually with the tax cut built into it. If you are on an income of around $23,800, your actual tax increase is 16.1 per cent. If you are on an income of around $59,500, your actual tax increase is 8.9 per cent. If you are on $71,400, your actual tax increase is 8.8 per cent. For all of those people who earn above $71,400, there is actually no tax increase at all—they are best off. I do not think this would be any surprise. I think people will actually understand that this is how this government operates. If you build what the government says is a tax cut into the equation and you do the sums—and they are reasonably simple sums—you actually come up with the fact that we did not get a tax cut at all; we actually got a huge tax increase.

That is why I say this is another Orwellian budget. It is ‘more is less, less is more’; a bit of fudge here, a bit of fudge there. What Australia actually needs is a budget that will look after people and will take away the impact of the GST. While the GST is only 10 per cent, we know the real effect. Every mum and dad, everybody who goes shopping week to week, knows how big their bill is, and they know how big it is backed on to the GST. They know how much it is actually costing them to survive. They know how much their insurance has gone up. They know how much everything has gone up under this government. What we should see is a budget that deals with the impact of the GST, health issues, Medicare and bulk-billing and, very importantly, education issues.

All budgets are supposed to be about making people’s lives better. It is not just about the economy: it should be about people, it should be about making their standards of living better, it should be about giving something back, it should be about giving back bracket creep, it should be about taking care of inflation and it should be about doing the right thing. But it is not under this government because it is about smoke and mirrors and it is about so-called $4 tax cuts.

But do not just take my word on the $4 tax cut; take the word of Minister Vanstone. Just days after we had the Treasurer coming in here telling us about this massive $4 tax cut, Minister Vanstone is on record saying, in relation to social welfare recipients, that a $5 increase to their payments is nothing. She said that the government should not even give it to them because it is so little it will not even buy them a sandwich and a milkshake. That is what a government minister said. So on one hand we have got the Treasurer, Peter Costello, coming in here and saying, ‘It’s a huge $4 increase,’ and then we have got the minister, who is a little bit more honest, I would have to say, in her explanation that $5 to anyone on a social welfare payment is not even worth worrying about—why bother even giving it to them when it won’t even buy them a milkshake and a sandwich? She is right. It will not buy them a milkshake and a sandwich because both of those items have gone up under the GST and they have gone up under the policies of this government. The $2.4 billion of supposed tax cuts goes nowhere near rectifying what this government should be dealing with. It is $2.4 billion that could be better spent in a whole range of areas.

But I am not going to spend all my time in here just criticising the government. I could do that all day because there are so many things this government does wrong. There is a plan and there is an alternative, and it is a Labor government. Labor will hold on to what it believes in for higher education: we
want to make it more affordable; we want to make it more accessible. We are the only party that can deliver something real to save Medicare, which has been left to wither and die on the vine because this government refuses to do anything about bulk-billing rates. We have got a plan to save the Murray River; we want to do something about this country’s water. We have also got a plan for retirement. We want to give people a real retirement tax cut to superannuation, because we have been out there listening and we have heard what people are saying. They want a tax cut to the 15 per cent, and you can deliver a tax cut to the 15 per cent. You can deliver it down to 13 per cent and make a start, make a down payment and actually start cutting back that tax. That is a real tax cut for people that is instantly delivered for their future. We want to protect people’s savings. We want to end the public subsidies of executive golden handshakes. We want a better deal for small businesses that are struggling under the weight of the BAS system. And we want to better protect all Australians, not just globally but at home as well. They are the sorts of issues that people actually want addressed. They do not want the $4 tax cut because they know it is no real tax cut and they know it is too small. They do not want that; they want a lot more than that. They want a government that will listen to them.

On the issue of Medicare and bulk-billing, this government is on record for the last seven years allowing it to deteriorate. It refuses to maintain the system; it refuses to do anything at all to tackle the issues that you have to continually upgrade and maintain a system if you want it to survive. Of course, if you do not want it to survive and you are ideologically opposed to bulk-billing and you are ideologically opposed to people having a fair health system in this country, what you do is let it die and then eventually deliver the bad news and the blow that it no longer works, that it no longer is a fair system. How can it be if you do not upgrade it and you do not put the money back into a system that you are taking money out of? That is the problem with this government. It believes that our health care system should have families—mums and dads with their kids—go down to their local GP and doctor armed not with a health care card but with their credit card. You will have to go down there with your gold card to get access to health services. It will be based on ability to pay rather than—

The DEPUTY SPEAKER—The member for Oxley will return to the substance of the debate.

Mr RIPOLL—This budget means that this government wants people’s ability to get to their local GP determined not on their health needs but on their ability to pay. I can guarantee you that under Labor we will save Medicare, we will save bulk-billing and we will ensure that there actually is a plan for Medicare. That plan has been very well detailed.

On the issue of education this government has got a lot of hide. It tells students it wants to give them a fairer go in terms of education, but what does it do? It actually rips money out of the system. What does it do in terms of university places? It has got a really great scheme called ‘rich and thick’. If you are rich and you are thick, you are still going to get to uni. You could not get there by merit, but if you can afford to pay $150,000 for a university degree then you will to get into university. Those are the sorts of schemes that we have seen from this government. It wants to increase the cost of uni degrees by 30 per cent, it wants to change the HECS system to make it worse and it wants to give students $50,000 loans but it wants to give them at six per cent interest rates. The trick here is that you cannot repay that loan
until you have repaid HECS. If it takes you 10 years to repay HECS, it is going to take you another 10 years to repay that $50,000 loan. What it is going to mean for ordinary students and ordinary families is that they will not be able to afford to go to university.

I want to end on what Peter Beattie said in relation to the budget and Queensland: Queenslanders have been short changed in this budget from the federal government because it does nothing to boost industry development, upgrade roads or improve health services.

What he said was that the tax cuts are an illusion and they are funded by bracket creep. It is a smokescreen to distract Australians from the real issues—Medicare and the higher education issues—that this government needs to deal with.

Mrs IRWIN (Fowler) (1.59 p.m.)—The so-called tax cuts introduced in the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003 show us that the Treasurer is performing his old pea and thimble tricks again. He comes into the House like a sideshow barker inviting us to come and see the bearded lady and the two-headed boy. He might not have the striped blazer and straw hat, but he has got the smirk—and we all know what the Treasurer’s smirk is like—to go with his act. While the punters might roll up to be taken in by his spiel, you can bet they will go away disappointed because this is a pea and thimble trick tax cut. It is all smoke and mirrors and, when the smoke clears, the punters will realise that they are now only getting back what bracket creep has taken away. I do not think one Australian taxpayer will be thinking how much better off they will be with the extra $4 a week in their pocket.

The SPEAKER—Order! It being 2.00 p.m., the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour and the member will have leave to continue speaking when the debate is resumed.

QUESTIONS WITHOUT NOTICE

Medicare: Bulk-billing

Mr STEPHEN SMITH (2.00 p.m.)—My question is to the Prime Minister. Can the Prime Minister confirm that the government paid a public relations consultant $39,000 to produce the brand name ‘A Fairer Medicare’? Is it the case that the government has also paid $100,000 to a consultant for public relations advice on selling its so-called A Fairer Medicare package? Can the Prime Minister also confirm that the government neither sought nor received advice about the impact of its package on bulk-billing rates? Prime Minister, how does the government justify wasting $140,000 of taxpayers’ money—the equivalent of more than 5,500 bulk-billed GP visits—while not even bothering to make any assessment of the adverse effects that its changes will have on bulk-billing for Australian families?

Mr HOWARD—The answer to the first part of the question is that I have seen some advice to the effect that an amount of $39,000 was spent in relation to the description. Whether it included other matters, I do not know. As to the expenditure of $100,000 to a PR representative or agency in relation to the selling, I have no direct knowledge of that. I am not suggesting that it has not happened; I do not know. I would point out to the honourable member that it has been the practice of governments of both persuasions to seek advice on the explanation of policy changes. If the honourable member for Perth would like me to go back over the years and produce all the material, we could drag out Bill Hunter. We would be delighted to do that, if that would facilitate the understanding.

Mr Crean interjecting—
Mr HOWARD—We are not talking about the title—if I might answer the Leader of the Opposition’s interjection. I know that not only interjections are out of order but also answers to interjections are out of order, but I will answer it nonetheless, Mr Speaker.

The SPEAKER—Perhaps not ‘nonetheless’.

Mr HOWARD—It is not uncharacteristic or uncommon of governments to do those things. Could I finally say to the honourable member that the proposals we have put forward are a credible and fair response to the needs of the Australian health system. Instead of focusing on the sorts of things that he is focused on, I suggest that, as he perambulates between those two Labor Party caucuses that the mate sitting next to him told us about last night, he might focus a little on explaining to his own colleagues the virtue of supporting our proposals.

Mr Stephen Smith—Mr Speaker, I seek leave to table pages 55, 64 and 65 from the transcript of estimates proceedings of the Senate Community Affairs Legislation Committee, detailing the $139,000 payments.

Leave not granted.

Solomon Islands

Dr SOUTHCOTT (2.04 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister update the House on recent discussions regarding law and order in the Solomon Islands?

Mr DOWNER—I thank the honourable member for Boothby for his question. I know he has a particular interest in the South Pacific, as does the government. The House would be aware that for quite some years, since June 2000, the government has been particularly concerned about the situation in the Solomon Islands. In response to an invitation from the Prime Minister, the Prime Minister of the Solomon Islands, Sir Alan Kemakeza, has been invited to Canberra tomorrow for discussions with the Prime Minister, Senator Hill, Senator Ellison and me about the current situation in the Solomon Islands and what further actions countries in the region, including Australia, can do to help the Solomon Islands. Sir Alan will be accompanied by his foreign and police ministers, the National Peace Council chairman and the new police commissioner.

As the House would know, Australia has played a central role since the ethnic conflict erupted in 2000 in trying to help the Solomon Islands address its problems. For example, we put together the Townsville Peace Agreement and, through that process, brought an end to the ethnic conflict that had taken place in the Solomon Islands over a long period of time, culminating in the events of June 2000. Having said that, we still remain very concerned about the extremely poor law and order problem that remains in the Solomon Islands. That was illustrated quite starkly recently when the banking sector closed its doors for several days as a result of direct threats by lawless elements in the Solomon Islands.

We have focused our aid particularly on the law and order sector. We are spending $17.2 million on improving police, court and prison services. The Australian Federal Police has two advisers working with the Royal Solomon Islands Police Force. After June 2000 there were no police on the streets. Our programs mean that the Solomon Islands, Honiara in particular, has a visible police presence. There have been 129 new recruits under our funded programs and 12 trained criminal investigators are now using their new skills.

The visit to Australia by Sir Alan and his ministers will give us an opportunity to hear first hand from Sir Alan about the dimen-
Mr Kerr interjecting—

Mr DOWNER—Someone is urging us to be one even now, but that actually is not our objective. We do need to make sure that we do everything we can to try to help the Solomon Islands through this difficult period, so we very much look forward to Sir Alan and his team’s visit tomorrow. It will be an opportunity for us to hear what they have to say, and we will of course be considering whether there is anything further, in response to a request from the Solomon Islands, that we can usefully do to help them address their law and order problems.

Medicare: Bulk-billing

Mr CREAN (2.08 p.m.)—My question is to the Prime Minister. Prime Minister, are you aware of comments reported in the health industry publication Australian Doctor by a manager of a Melbourne outer metropolitan general practice who said, in relation to your health package:

The key advantage of the coalition plan was that participating practices could offset the cost of bulk-billing concessional patients by charging other patients extra—by charging non-concessional patients a gap.

Prime Minister, isn’t this confirmation of the adverse effects of your health plan on Australian families—that families will have to pay extra to see a doctor? Why doesn’t the Prime Minister adopt Labor’s plan to restore bulk-billing for all Australian families?

Mr HOWARD—In answer to the Leader of the Opposition: no, I have not seen it and, secondly, I do not accept your conclusion.

Economy: National Accounts

Mr BARRESI (2.10 p.m.)—My question is addressed to the Treasurer. Will the Treasurer advise the House of the results of the March quarter national accounts released this morning by the Australian Bureau of Statistics?

Mr COSTELLO—I thank the honourable member for Deakin for his question and his interest in the national accounts. The March quarter national accounts released today showed that Australia’s gross domestic product increased by 0.7 per cent for the quarter and 2.9 per cent for the year through to the March quarter. Against the background of an international downturn, drought, SARS and the background of war in Iraq, these are very solid results and keep Australia amongst the strongest growing of the economies of the developed world.

Non-farm GDP increased 4.1 per cent through to the March quarter and farm GDP through to the March quarter fell by 33.1 per cent, which will give you some idea of the impact and the toll that the drought is taking. The drought is affecting farm incomes, agricultural production and rural exports and is detracling from growth in overall GDP numbers by at least one per cent.
Household consumption remains strong, supported by low interest rates and solid growth in employment. Dwelling investment is up 18.4 per cent over the year, supported by the First Home Owners Scheme and low interest rates. Although investment in machinery fell in the quarter, it was coming off record highs, with the import of the Qantas civil aviation aircraft in the December quarter. Profits continue to grow strongly, with private non-financial corporations up 9.5 per cent in the year to the March quarter.

There are significant downside risks to the Australian economy: the weakness of the international economy; the drought, which has still not broken and is still taking a toll in many parts of Australia; the impact of SARS, which will affect our tourism exports in the June quarter; and the fact that we are seeing the effects of the drought still continuing to flow through. So, amidst a very difficult background—a background which is taking its toll on all economies—the Australian economy continues to be strong, supported by low interest rates. One of the secrets of economic management over the last seven years has been the balancing of our budgets, the retirement of Labor debt and the low interest rates that have come about as a consequence, which has kept Australian consumption strong in a difficult world environment. Australia has been secure as a result of strong economic management.

**Education: University Funding**

Ms GRIERSON (2.13 p.m.)—My question is to the Minister for Education, Science and Training. Minister, given that the region that Newcastle University serves has low student participation rates, and the university offers the largest enabling program in the country to students from a vast region, why is it excluded from accessing the regional loading? Minister, doesn’t the department of education already recognise Newcastle University under the Regional Protection Fund? Minister, isn’t Newcastle University 100 kilometres further from a capital city than Deakin University’s Geelong campus, which is eligible for regional funding? How does the minister justify using arbitrary distance instead of real needs to exclude Newcastle University from accessing regional funding?

Dr NELSON—I thank the member for Newcastle for her question. Last year, the government went through a very detailed and, dare I say, unique process of reviewing Australian higher education. It included the release of seven detailed discussion papers to inform the public policy debate in relation to higher education, the establishment of a special reference group and a Productivity Commission review of higher education in Australia, comparing it with North America and Europe. It also involved 49 focus groups, with 800 people in 200 hours, and 732 submissions—and not one submission was received from the Australian Labor Party. We even had the Queensland government working with the Commonwealth on the review.

Yet here we are, having gone through all of that, and the member for Newcastle has suddenly decided that she wants to pick away at one of the very important initiatives in this policy which will provide 31 universities on 54 campuses with additional funding in recognition of the provision of educational services to remote and rural parts of Australia. If the member for Newcastle would like to put a point of view to the government then the very least she could do is engage in the process.

I think the problem that the member for Newcastle and others on the other side have was summarised in yesterday’s *Financial Review* by John Button—a good man—who said:

There are still some important constituent groups out there, including business, rural voters and
battlers on low incomes who are able to say “I don’t know what your lot stand for”.

Further to that, a former education minister, Susan Ryan—

Mr Latham—Mr Speaker, I rise on a point of order on relevance. The question was about Newcastle University and had nothing to do with—

The Speaker—The question asked was about regional loadings and regional protection levies for universities, and Newcastle was used as an illustration. The answer is entirely consistent with answers given in the past.

Dr Nelson—Thank you, Mr Speaker. There is $122.6 million available over four years for regional universities in Australia. As Susan Ryan, a former Labor minister for education, said in the Financial Review on 28 April:

Labor collectively has not convinced the electorate that it has a clear and constructive plan for the nation … how universities should be funded.

Why don’t you get on the bus and contribute to public policy?

National Security

Mr Causley (2.17 p.m.)—My question is directed to the Attorney-General. Would the Attorney-General inform the House how the Howard government has strengthened national security? What action is the government taking to ensure national security remains a priority?

Mr Williams—I would like to assure the member for Page that ensuring the safety and security of the Australian community is a top priority of the Howard government. It is something the government takes very seriously, as do all members on this side of the House. The government has demonstrated its resolve to protect Australia against terrorist threats, both at home and abroad, through a multipronged strategy designed to strengthen and bolster our national security capabilities. We have significantly increased resources to our security, intelligence, law enforcement and border protection agencies to improve their capacity to deal with threats to our national security. Since 11 September 2001 we have allocated nearly $2 billion in additional funding to these agencies. We have implemented tough new counter-terrorism legislation to strengthen the ability of our agencies to identify and prevent terrorist attacks wherever possible and to bring those responsible to justice. Further vital counter-terrorism legislation is currently before the parliament.

We have strengthened our cooperative ties with the states and territories and their agencies to ensure quick and effective responses to national terrorist incidents. We are continuing to work closely with the states and territories and private owners of Australia’s critical infrastructure, such as electricity, transport and banking, to ensure they are properly protected from terrorists and other threats. We have been working hard in the region to strengthen law enforcement and intelligence ties with our regional neighbours and to improve coordinated counter-terrorism efforts. On the broader international stage, Australia has built strong partnerships with other countries to make it clear to terrorists that there is a united and effective coalition of countries determined to end their destructive and deadly activities.

While this work is important, it is only part of the story. The government believes that every Australian has a role to play in keeping Australia safe from terrorists and has kept the Australian public informed about national security issues, providing the public with information and advice on what they can do to help keep Australia and their families safe. The full list of the Howard government’s achievements in national security is extensive. In addition to these efforts, the government has taken active measures in the
areas of defence, foreign affairs and immigration which form part of the comprehensive whole-of-government strategy for keeping Australia safe.

We do not intend to rest on this substantial and impressive record. In fact, it would be irresponsible to do so. The government remains vigilant to any potential threats to Australia’s national security and will continue to take a responsible approach to addressing any new and emerging threats. I can assure the House that our security, intelligence, law enforcement and border control authorities are hard at work protecting Australia and Australians.

In order to ensure our intelligence agency has the tools it needs to help identify potential attacks on Australia at the most crucial time—that is, before any Australian is hurt or killed—we will continue to push for powers for ASIO to be able detain and question people who may have information about planned terrorist attacks. We look forward to the opposition cooperating with us to pass this legislation for the sake of national security and the safety of the Australian community. We will continue to push the government’s legislation which would reclaim Australia’s independence to make our own assessment of what constitutes a threat to Australians and Australian interests and to list terrorist organisations without having to first wait for the United Nations Security Council to do so. Legislation to do this is now before the Senate, and we look forward to the opposition supporting it there.

The government has proven that it is responsible and takes national security seriously. We can already point to a significant list of achievements to support that commitment. We will continue to take appropriate action to ensure the safety and security of Australians and Australian interests.

**DISTINGUISHED VISITORS**

The SPEAKER (2.22 p.m.)—I inform the House that we have present in the gallery this afternoon the South African Minister for Home Affairs, Dr Buthelezi, and his accompanying party. We also have in the gallery Mr Brian Polydoras, a member of parliament for the New Democracy Party of Greece. On behalf of the House I extend a very warm welcome to our visitors.

Honourable members—Hear, hear!

**QUESTIONS WITHOUT NOTICE**

Prime Minister: Wine Purchases

Mr SWAN (2.22 p.m.)—My question is directed to the Prime Minister.

Honourable members interjecting—

The SPEAKER—Order! The member for Lilley is entitled to be heard in silence.

Mr Stephen Smith interjecting—

The SPEAKER—The member for Perth must be well aware, my having just drawn the attention of the House to the rights of the member for Lilley to be heard in silence, that his interjection was most inappropriate.

Mr SWAN—My question is directed to the Prime Minister. Can the Prime Minister confirm that in 1999-2000 the Prime Minister spent $43,250 to lay down wines, in 2000-01 the Prime Minister spent a further $22,670 on wine, in 2001-02 the Prime Minister spent another $33,460 on wine and in the nine months to March the Prime Minister spent $22,000 on wine—a total of over $120,000 in under four years?

Mr Hockey interjecting—

Mr SWAN—I doubt it. Prime Minister, wouldn’t this wine bill pay for nearly 4,800 visits to a bulk-billing doctor? Now that the Prime Minister has decided to stay on, will he promise to curb his extravagant expenditure?
Mr Pyne—You like a bit of chicken and chablis.

The SPEAKER—I warn the member for Sturt!

Mr Martin Ferguson—He’s getting impatient, Mr Speaker.

The SPEAKER—I warn the member for Batman!

Mr Howard—In answer to the honourable member for Lilley, I will check the precise figures covering the period that has been mentioned, but of course there has been expenditure on wine at the official establishments, the Lodge and Kirribilli House, over that period of time.

Mr Bevis interjecting—

The SPEAKER—I warn the member for Brisbane!

Mr Howard—The great bulk of that expenditure, of course, has been for entirely official purposes. Given that the period he canvassed included the Sydney Olympic Games, maybe the member for Lilley is suggesting that it is not appropriate for the Prime Minister of this country, whoever he or she might be, to extend official hospitality to visiting heads of government. Maybe he is suggesting that, instead of entertaining the Emperor of Japan at Kirribilli, we should have repaired to McDonald’s at Neutral Bay. Maybe they are the suggestions. I will be very happy to examine the figures, but I tell you what: I will also examine earlier figures. Let me say to the honourable member for Lilley that proper official hospitality extended by the Prime Minister of this country, whoever he or she may be or from whatever party that person should come, is entirely legitimate and completely defensible. If you lapse into the juvenile practice of complaining about something like that, then I think that reflects a little more on the barrenness of your policy cupboard than it does on the amplitude of the wine cellar at Kirribilli.

Workplace Relations: Australian Workplace Agreements

Mr Farmer (2.27 p.m.)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister inform the House of how workplace and individual agreements have boosted the economy and provided higher wages for Australian workers, and how the government will continue to deliver more jobs and better pay for all Australian workers?

Mr Abbott—I thank the member for Macarthur for his question. I can tell the member for Macarthur that this government has moved the workplace relations focus from awards to agreements, from industry wide to enterprise level negotiations. Enterprise and individual agreements mean higher productivity, and that means more jobs and higher pay. This government’s focus has been where it always will be: on doing the right thing by the ordinary Australian workers—by the ordinary battlers of this country.

In the 1980s, in the era of the union accord, labour productivity increased by just two per cent a year. In the early nineties, with the beginning of enterprise bargaining, labour productivity increased by 2½ per cent a year. But under this government, with a move to different types of agreements—particularly individual agreements—labour productivity has increased by three per cent a year. More productivity means more jobs and higher pay. We have had one million more jobs since 1996. We have had half a million new full-time jobs since 1996. We have had a 12 per cent increase in average weekly full-time earnings since 1996. Because under this government workers and managers are talking more and fighting less, not only have we had more jobs and higher pay but also we have had fewer strikes. The level of strikes in
this country is just one-thirtieth what it was in the early and mid-1980s and it is just one-third what it was in 1995.

Partly as a result of these sorts of changes, the OECD estimates that Australia’s structural rate of unemployment has dropped from 8½ per cent to just under six per cent since the mid-1990s. This is only the beginning of the kinds of reforms and improvements that the government want to bring about. We are determined to take the unfair dismissal monkey off the backs of the small businesses of Australia; we are determined to ensure that there are no strikes without secret ballots first; and, above all else, we are determined to restore the rule of law in our workplaces, particularly in the construction sector, because honest workers, honest unionists and honest managers deserve a clean industry and a safe workplace.

Immigration: Visa Approvals

Ms GILLARD (2.30 p.m.)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs. Can the minister provide details about representations made by Mr Karim Kisrwani to the minister or his office with regard to visa applications for Mr Bedweny Hbeich and Mr Dante Tan? Can the minister confirm that Mr Kisrwani routinely deals with the minister’s office on migration matters, and will the minister detail the number of visa matters Mr Kisrwani has been involved in? Given Mr Kisrwani is not a registered migration agent under the Migration Act and it is unlawful to dispense migration assistance when not registered, why does the minister continue to deal with this man?

Mr RUDDOCK—It is the case, as I have disclosed, that Mr Kisrwani had approached me in relation to the matter of Mr Tan. He did so to seek information in relation to whether or not his visa continued, because he had no information in relation to it. Mr Tan was a business partner. In relation to that, Mr Kisrwani was given advice that Mr Tan’s visa had been cancelled. I outlined fully yesterday the way in which that matter was dealt with. Could I just say—because I think the implication in the question is directed at me, and I would not normally go to these matters that are obtained by the department and given in background to me—in relation to the citizenship matter which I adverted to yesterday, a departmental note refers to a phone call from Mr Kisrwani that suggested that the minister was concerned with Mr Tan’s citizenship application. The DIMIA officer contacted my office and was told that the minister was not interested in Mr Tan’s case and that it should be processed normally.
Mr TOLLNER (2.35 p.m.)—My question is also directed to the Minister for Immigration and Multicultural and Indigenous Affairs. Has the minister received widespread representations on behalf of the East Timorese people? How has the government responded to the issues raised?

Mr RUDDOCK—I did answer that matter fully in comment yesterday, but I think the particular issue that might be of interest to members is the way in which the processing of these matters will continue. In view of the question that was just put to me, I should say I have received representations from across the Australian community, including from premiers, chief ministers, colleagues opposite, members of state parliament, the Catholic Church, community groups and a wide range of individuals. I do not intend to name them, as I think that would be a breach of their privacy, but I will name members of parliament because I may have misled the parliament yesterday in relation to this matter.

Mr Crean—How?

Mr RUDDOCK—I said yesterday that I had been approached primarily by members of the Labor Party. A quick viewing of the representation by federal members reveals that I have received representations from only five members of the Labor Party and 15 members of the coalition.

Ms Roxon interjecting—

Mr RUDDOCK—That may well be—

The SPEAKER—The member for Gellibrand. The minister has the call.

Mr RUDDOCK—As I indicated yesterday, I have already considered 379 East Timorese and stated a preparedness, subject to health and character issues being resolved satisfactorily, to intervene under my section 417 public interest powers. I have before me another 200 people who are involved in this process and, as I can, I will get to them and I will get to them as quickly as possible. I mentioned in the House yesterday that, as of 27 May, some 80 East Timorese were awaiting primary decisions. I was told on 3 June that all but 12 primary decisions on East Timorese protection visa applications have been made by my department. The majority of cases—around 1,000—are now with the Refugee Review Tribunal, and I understand that the Refugee Review Tribunal is moving expeditiously to deal with that cohort.

It is important to understand that I cannot look at those matters until a decision has been made by the Refugee Review Tribunal. That is what the legislation requires, and it is legislation that was introduced by Senator Ray when he was the minister for immigration. I simply make the point that under those provisions, which were introduced at that time by Labor, the intervention power is noncompellable. It has to be exercised in the public interest and it can only be made if the matter has been considered by the department and a review decision has been undertaken.

However, the House should know that as decisions are made by the RRT I have instructed the department to quickly refer cases to me. The department has set up a streamlined process to ensure that they can be dealt with expeditiously. Based upon the cases that I have dealt with to date—while it is unsafe to assume that the processing would be precisely the same, because it is done on a case-by-case basis, and I would not want to pre-judge any of the individual circumstances—it would be suggestive of a fairly high success rate. I expect that the initial consideration of most cases will have been undertaken by October this year.

Immigration: Visa Approvals

Ms GILLARD (2.38 p.m.)—My question is to the Minister for Immigration and Multi-
cultural and Indigenous Affairs and follows his last answer. Does the minister recall his statement in the House, yesterday and today, that he received a departmental brief relating to Mr Dante Tan’s visa cancellation proceedings, that he determined that the proceedings should be withdrawn and that subsequently Mr Tan filed a business skills monitoring survey? When the minister decided to withdraw the visa cancellation proceedings, what material was available to him to prove that Mr Tan was operating a bona fide business in Australia? Subsequently, when Mr Tan’s survey was received, were any steps taken to verify the truth of its contents? Will the minister table the departmental file, including the note he referred to in his last answer, and give the date of the conversation referred to in the note? Minister, was it the case that Mr Tan obtained permanent residency based solely on his own word that he was complying with visa conditions and running a business—the word of the man at the centre of the Philippines’ largest corporate fraud?

The SPEAKER—I merely draw the member for Lalor’s attention to the fact that the latter part of the question bore no resemblance to the earlier part of the question.

Mr Ruddock—I fully answered the question yesterday. I outlined the proceedings that were followed and I made it clear, in relation to the decisions that were taken, that the only decision that I was involved in was in relation to withdrawal. The reason for withdrawing related to the extent to which one could reasonably expect in all the circumstances that we would be successful if the matter continued before the AAT. I might say that withdrawal in relation to Administrative Appeals Tribunal decisions as well as legal proceedings in which the department is involved where the prospect of success is not high is quite frequent. For the year 2001-02, 22 per cent of matters, or 79 matters, were resolved by withdrawal of proceedings before the AAT and the courts. In the current financial year I have withdrawn from 42 matters before the AAT. Avoidance of unwarranted expenditure on unmeritorious litigation is one of the factors that I take into account when making decisions whether to pursue a matter.

There are, in relation to files of the department of immigration, provisions which deal very specifically with people’s entitlement to privacy in relation to those matters. It has not been my practice and it will not be my practice to table personal files of individuals in the parliament. I will answer questions where it is reasonable; I will answer them fully—

Mr Crean—What about answering this one?

Mr Ruddock—I have—and I answered them fully yesterday.

Mr Swan—Would the minister table the notes from which he was quoting?

The SPEAKER—There are two questions that I am obliged to ask the minister in order to respond. Was he quoting from a document?

Mr Ruddock—Mr Speaker, it was quite clear that I had a document in front of me; I was not quoting from it.

The SPEAKER—Was the document confidential?

Mr Ruddock—The document is confidential. It was an extemporaneous answer that I gave.

The SPEAKER—Minister, the matter has been dealt with, as provided by the standing orders.

Education: Funding

Mr Johnson (2.43 p.m.)—My question is to the Minister for Education, Science and Training. Would the minister inform the
House what the federal government is doing to support state government schools? Is the minister aware of other statements or policies in this area?

Dr NELSON—I thank the member for Ryan for his question and also for giving me the privilege of visiting with him recently the Centenary State High School and the Gap State High School, both of which are in his electorate. The Commonwealth government this year in its budget has increased funding for state government school students by 5½ per cent. That means that over the last seven years the Commonwealth has increased its funding to state government high school students and primary school students by 59.9 per cent, being a period in which enrolments in the government sector increased by 1.6 per cent. So in seven years there has been a 60 per cent increase in Commonwealth funding with a 1.6 per cent increase in enrolments.

The reason why that is the case is that the Commonwealth government increases its funding to schools on the basis of what is described as the average government school recurrent cost index—AGSRC. This is a matter that has been of concern to the state and territory governments, because the Commonwealth provides about 12 per cent of all of the money that goes into the education of our children in state government schools. So the states, which are responsible for regulating, administering and primarily funding their schools, are always concerned to know that the Commonwealth is providing the kinds of resources that the states need—so much so that on 5 December last year the Queensland Minister for Education made a ministerial statement in the Queensland parliament. She said:

The AGSRC index increased by 36.86 per cent between 1996 and 2001.

That is an accurate statement.

Therefore, Commonwealth funding increased by that amount during that time.

That is refreshing honesty. She went on to say:

In contrast, the CPI—the consumer price index—... increased by only 14.24 per cent over the same period.

In other words, the Queensland minister was pointing out that Commonwealth funding to Queensland state government schools was increasing at a rate almost three times that of the inflation rate. She followed it up with a letter to me, which she referred to in her ministerial statement, expressing concern that the Commonwealth may move away from this indexation. She said of that prospect:

I find this totally unacceptable and seek your assurance that the current indexation arrangements will remain in place.

The Prime Minister, certainly the Treasurer and I have said that the AGSRC indexation of Commonwealth money to state government schools will continue. So you could imagine it was with bated breath that we waited for the Queensland budget to be delivered yesterday afternoon. The Commonwealth had increased its funding to Queensland government state schools this year by 5.4 per cent, with enrolments forecast to increase by 0.9 per cent. To our surprise, we did not find in the Queensland budget a 5.4 per cent increase in funding to the 460,000 students in Queensland state schools. It was not a 5.4 per cent, not a five per cent, not a four per cent, not even a three per cent increase. Instead, there was a 2.4 per cent increase in funding by the Queensland government to its state government schools, which is within the inflation band of the Reserve Bank—in other words, a real reduction. I looked for independent analysis of the Queensland budget, and I chanced upon a media release which read:
The Education Budget is a dud despite the Government’s weak attempt to hoodwink the public with half-smart spin-doctoring. It went on:

State school funding in real terms has been stalled since 1999 despite Government attempts to fudge the figures.

Could this be the member for Ryan, the member for Forde, the member for Fairfax or the member for Petrie? No. This was from the Queensland Teachers Union President, Julie-Ann McCullough. The point here is that the Queensland budget is replicating a process occurring throughout the country. In Western Australia, the Commonwealth increased its funding by 5.1 per cent, and the Western Australian budget increased it by 2.8 per cent. In Victoria, the Commonwealth increased its funding to government state schools by 6.1 per cent, and the Victorian government increased it by 2.3 per cent. And on it goes. It is time in this country that we realise that we need to move from eight different educational jurisdictions to one single educational framework for Australia. We need a common curriculum and educational outcomes. We certainly need to increasingly move to a common indexation for school funding, and the states need to keep up with the Commonwealth, because this year the parents of the 2.2 million students in government schools will be deprived of half a billion dollars because state governments are not indexing their funding in line with the Commonwealth.

Mr Dutton—Could the Minister for Education, Science and Training table those comments from the Queensland Teachers Union?

Dr Nelson—I table the statement by the Queensland Teachers Union and also the ministerial statement made by the Queensland minister.

Immigration: Visa Approvals

Mr LAURIE FERGUSON (2.50 p.m.)—My question is directed to the Minister for Immigration and Multicultural and Indigenous Affairs. Does the minister stand by the statement to the House yesterday in respect of Mr Dante Tan’s application for a business visa ‘that all criteria set down in the migration legislation were met’? Given that visa criteria require a person to be under 45 years of age, how does the minister explain Mr Dante’s application being processed by his department despite Mr Tan being 47 years of age at the time of application? Can the minister confirm that there is a 28-day time limitation for an appeal to the Administrative Appeals Tribunal? Having been cancelled on 5 September 2001, an appeal to the AAT as late as November 2001 was allowed. Did the department consent to the late appeal?

Mr RUDDOCK—I gave the answers that I gave yesterday after a good deal of consultation with my department and on advice I had received from my department. In relation to the question of age I will check, but my recollection is that the provisions in relation to business migration provide some latitude depending—

Opposition members interjecting—

Mr RUDDOCK—Well, they do. They provide some latitude depending upon whether or not you present more capital, whether you speak English—

The SPEAKER—It is clear that there are a number of people in the chamber who do not believe that the exercise of the standing orders and the expulsion of people will, in fact, be authorised by the chair. Let me indicate to those who would persist with their interjecting that, if I have to remove people from the chamber, it will be under 303.

Mr Abbott—Mr Speaker, under standing order 75: the Leader of the Opposition made
an offensive suggestion about the payment of money and he should be asked to withdraw.

The SPEAKER—In the noise of the House I did not specifically hear a comment from the Leader of the Opposition. If he said something inappropriate, I invite him to withdraw it.

Mr Crean—If I said anything inappropriate I withdraw it.

The SPEAKER—I thank the Leader of the Opposition.

Mr Abbott—Mr Speaker, he made a comment about the payment of money, which was offensive. He should own up to his comment and then withdraw.

The SPEAKER—I would point out to the Leader of the House that I indicated that I had not heard what the Leader of the Opposition said. The Leader of the Opposition made a withdrawal, and that is as much as the chair could expect.

Mr Ruddock—The point I was making was that the provisions in relation to business migration do provide for variation in the age that is required to satisfy various criteria depending upon the amount of capital and other capacities of the applicant. A question was asked in relation to the date on which the visa was cancelled and the time limit within which he had to appeal the decision. I guess what the member is saying is that, if you have never had any notice that your visa has been cancelled, we should be able to use an artificial time limit to exclude you from appealing. I do not know whether or not the department had a role in relation to that, but I will ask in relation to it.

An opposition member—Will you come back to the House?

Mr Ruddock—Of course I would come back to the House. I will ask about that matter. But let me just say that I have had no role in relation to that. Let me just say, because I do not mislead the House in any way, that I have had some further advice in relation to migration agents. The advice I have is that anyone who uses knowledge of migration procedures to offer advice or assistance to a person wishing to obtain a visa or enter or remain in Australia, or to a person nominating or sponsoring a visa applicant, must register as an agent with the MARA.

Heritage: Preservation

Mr King (2.55 p.m.)—My question is directed to the Minister for the Environment and Heritage. Would the minister inform the House of initiatives taken by the Commonwealth to protect the cultural heritage of Iraq? What other conservation proposals does the government have to help rebuild Iraq?

Dr Kemp—I thank the honourable member for Wentworth for his question. I acknowledge his personal interest as former Chair of the World Heritage Committee and his active contribution to the formulation of the government’s approach. The Australian government has taken action to restore and protect stolen Iraqi heritage. The Australian government is committed to the rehabilitation of Iraq. It has committed over $100 million in financial aid and provided some 13 officials to the provisional authority as well as a range of specialists. Recently, I announced the formation of an expert reference group of Australian experts in Iraqi heritage to provide recommendations on what further can be done to restore Iraq’s cultural heritage. I must say that I have been impressed with the level of expertise that exists in this country and the quality of the people available to the Australian government to perform this very important international role.

During the conflict a member of the government’s reference group, Professor Dan Potts, was one of the first on the ground to
Mr Rudd interjecting—

The SPEAKER—I warn the member for Griffith!

Dr KEMP—and other heritage institutions are providing the expertise to make these efforts possible. I have just received a report from the expert reference group on further steps that could be taken. These include supporting international efforts to address the urgent need for security at museums, libraries and archaeological sites in regional areas of Iraq; coordinating Australian responses with other initiatives, including those of UNESCO, the British Museum and the Library of Congress; as soon as the emergency red list of Iraqi antiquities at risk is completed, circulating details to all dealers in Australia and the Pacific region and facilitating ready access to this list by making it available on the Internet; and supporting Iraqi museums and libraries with the development of databases where possible. The expert group has done an excellent job in a very short space of time. I will be consulting further with my ministerial colleagues on its recommendations and making further announcements at a later time.

Immigration: Visa Approvals

Mr LAURIE FERGUSON (2.59 p.m.)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs. Did the minister’s spokesman confirm to the Age newspaper his statement of Monday that the Maha Bodhi Monastery had received 23 visa nominations ‘since the beginning of 2002’? Can the minister indicate how many nominations and visas involving the monastery were approved in the years 2000 and 2001? What proportion of all religious worker nomination and visa approvals in New South Wales over the past four years was given to this one monastery? How does the minister explain such an extraordinary number of these visas going to one small religious institution?

Mr RUDDOCK—My recollection is that, in relation to the year in question, I fully answered the question. The nominations did not in all cases lead to visa grants. The visa grants were 10. I just make the point—

Mr Tuckey interjecting—

The SPEAKER—The minister for immigration has the call.

Mr RUDDOCK—I gave you the answer the other day and I stand by the answer I gave. Let me just say that my recollection is that the figures for that year indicate that something of the order of 1,600 visas were granted for religious workers.

Health: Funding

Mr LLOYD (3.01 p.m.)—My question is to the Minister for Ageing, representing the Minister for Health and Ageing. Would the minister inform the House how the Australian government is supporting both the nation’s private and public health sectors? Are there any alternative policies?

Mr ANDREWS—I thank the honourable member for Robertson for his question and his interest in the health and wellbeing of all
Australians, including those in his electorate. Since its election in 1996, the Howard government has restored balance in the Australian health system and, indeed, increased expenditure by 65 per cent. This is a significant achievement.

There is a lot of talk in this House from time to time about supporting medical professionals through Medicare. It is this side of the House which is delivering real outcomes. For example, in relation to chronic diseases, we have now put in place national programs dealing with asthma, diabetes, breast cancer and bowel cancer. We have doubled the amount of expenditure on Indigenous health in Australia. In terms of Medicare itself, there is almost $1 billion which this government is now offering to make Medicare more available, more accessible and more affordable.

I was interested when earlier the Leader of the Opposition asked the Prime Minister a question in which he was suggesting that somehow there was some better advance with the ALP’s policy in relation to Medicare. What he did not do was quote fully from the article which he was referring to. The Prime Minister did not have access to it, but I do.

Ms Jackson interjecting—

The SPEAKER—The member for Hasluck is warned.

Mr ANDREWS—What this report in the Australian Doctor says, which is spelled out clearly in the headline, is ‘Coalition Medicare plan gets the nod’. The opening sentence says:

Coalition plans to rescue Medicare—

Mr Stephen Smith—Because they put the fees up.

The SPEAKER—The member for Perth is aware that persistent interjection is out of order. I have already drawn his attention on one occasion to his obligations.

Mr ANDREWS—What the member for Perth well knows is what the opening sentence of this article says:

Coalition plans to rescue Medicare offer a better deal for GPs than rival ALP proposals, an independent, analytical comparison of the two blueprints suggests.

Quite contrary to what the Leader of the Opposition was trying to suggest to the Prime Minister, this analysis says that the coalition plan is much better than that provided by the ALP. In fact, it goes on to say that the only way in which there could be some degree of equity under the ALP plan would be if GPs had to offer an extra 200 services to patients each week. Under this analysis, which the Leader of the Opposition wanted to quote to the parliament, the ALP is basically reducing six-minute medicine down to three-minute medicine. That is the ALP plan in relation to this.

In addition to those considerable changes, the Commonwealth are not only supporting the medical system in Australia by increasing the funding by 65 per cent but also improving what is provided by the states for the funding of their public hospital system. For example, under the first Medicare agreement, we substantially increased the funding. We are now offering an additional $10 billion over the next five years under the Commonwealth-state health care agreements, an effective real growth rate of over 17 per cent. We are not only meeting our obligations and responsibilities by significantly increasing Commonwealth expenditure on Commonwealth health programs but also offering real additional expenditure to the states for the conduct of their public hospitals.

In addition to that, we have restored the balance between private and public health. Under the ALP, only 30 per cent of people
had private health cover; today it is around 44 per cent and private hospital admissions have grown by 12 per cent. In addition to that, we know that today many of the common procedures are now carried out in private hospitals. Six out of 10 major joint replacements, half of the chemotherapy procedures—over half of the procedures, for example, for malignant breast cancer conditions—almost 60 per cent of cardiac valve replacements and seven out of 10 major eye lens procedures are all carried out under private health insurance in private hospitals in Australia.

The member for Robertson represents a rural seat. There has been some $2 billion for targeted rural health and aged care assistance, including a $562 million package over four years for more rural doctors, increasing the number by 11.4 per cent over the last five years. The outer metropolitan program, with an extra $80 million to put more doctors into outer metropolitan parts of Australia, is also part of this government’s continuing commitment to improve the health and wellbeing of all Australians.

Under the Howard government, we have improved Medicare, we have immunised Australia’s children, we have substantially increased funding to the states for their public hospital systems and we have taken some of the pressure off the system by restoring the balance through private health insurance. These are significant achievements.

**Immigration: Visa Approvals**

Ms GILLARD (3.07 p.m.)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs. I refer to the minister’s last answer and his statement earlier in question time today that he is prepared to answer questions. Did the Maha Buddhist monastery receive 23 religious visa nominations in 2000 and 2001? Has any other single religious institution received more religious visa nominations?

Mr RUDDOCK—I would like people to read carefully what I say and not come into the House to put forward words that suggest that I had given a different answer. The advice I had given in relation to the Maha Buddhist monastery—and it was advice from my department—was that it has, since the beginning of the year 2000, finalised 23 religious worker nominations and 10 religious worker visas. That is not for the year 2000; that is for the years 2000, 2001, 2002 and 2003. Let me give you the figures for religious grants over that time. In the year 2000-01, it was 1,554. For the year 2001-02, it was 1,243. For the year 2002 to the end of April 2003, it was 1,263. In other words, a major Buddhist institution received 10 visas grants over a three-year period in which, if my calculations are correct, some 4,000 visas were granted.

Let me indicate where I also believe I may have been verballing by the honourable member earlier today. A question was asked that drew upon the answer I gave yesterday, and I think it is very important that I repeat this matter so that what I said is understood and so that the inferences that were drawn in the question are not taken as fact by those who write on these matters. Yesterday I said in relation to this matter:

The decision was taken to withdraw from that matter. Mr Tan subsequently provided a completed business skills monitoring survey to my department, detailing his business activities. Key elements of these details were confirmed with the Australian Securities and Investments Commission. On the basis of this new information and the error of notification of cancellation, my department vacated the decision to cancel Mr Tan’s visa, as he had met his business requirements.

That is the answer I gave yesterday, and it dealt quite clearly with the issues that were
tested by the department and with how they did it. To suggest that that was not done was clearly verballing me.

Mr Swan—Mr Speaker, I request that the minister table the documents from which he was quoting extensively.

The SPEAKER—Was the minister quoting from documents? Were they confidential?

Mr Ruddock—Mr Speaker, I was quoting from yesterday's Hansard.

The SPEAKER—The minister has tabled the documents.

Employment: Work for the Dole

Ms GAMBARO (3.11 p.m.)—My question is addressed to the Minister for Employment Services. Would the minister update the House on how the government's Work for the Dole program is helping Australian communities and job seekers?

Mr BROUGH—It is refreshing to have a positive question about Work for the Dole. I thank the member for Petrie for her ongoing commitment to unemployed people and, in fact, to all her constituents in Petrie. There will be 330 new Work for the Dole programs around the wider part of Australia this month that will contribute to some 13,000 Work for the Dole programs brought about since the inception of the program announced by the Prime Minister in 1997. There will be some 230,000 job seekers who will have been helped by this program and who will have, in turn, helped their communities. This is a very positive thing.

Recently I have had my attention drawn to some very positive articles in newspapers. There is a young man in Burnie in Tasmania who has been part of the Bleriot aircraft project there, which is recognised by the Prime Minister's Work for the Dole awards—in fact, I believe the Prime Minister visited that program. Young Chris so impressed a local employer after having worked on Work for the Dole that his employer not only gave him a job but also sent him to Denmark to do training. So as a result of Work for the Dole we saw a part of Australia's heritage—I believe this aircraft was responsible for the first mail run between Sydney and Melbourne—being maintained and retained for future generations. We have a young unemployed Australian being given a chance and, as a result, going on and getting training overseas. That is a great news story.

The member for Hinkler pointed out to me an article in the Bundaberg News Mail from last month on a Work for the Dole participant. The Work for the Dole participant said she felt like she had been given a second chance in life. That is the sort of thing that Work for the Dole does for unemployed people. Everyone on this side recognises that—absolutely everyone. I am pleased to say that there is the odd person on the other side who recognises it too. I have an article from the Wynnum area. It says that the member for Bowman—and he is a very effective member from time to time; he would not mind being back on the frontbench—said Work for the Dole was a valuable initiative to help local communities. He said:

The Work for the Dole participants have been able to help promote Manly and our local products and bring in more tourist dollars to our community, as well as gain valuable work experience. The member for Bowman has got it in one. And there are other responsible members on the other side. I have previously brought to the attention of the House a book of opportunities, Work for the dole: Prime ministerial awards 2002. On page 40 we see Brighton Gardens Club, Bridgewater, Tasmania. This is a CWC from Mission Australia and its sponsor is Brighton Gardens. As everyone knows, people have to be nominated by someone for these awards. The Brighton
Gardens Club was nominated for an award by an MP of this place who thought it was worth while. That, of course, was Harry Quick, a member of the opposition who understands the value of work experience and Work for the Dole—and I congratulate Harry for that.

I was asked about the value of this work to communities. Unfortunately, not everyone on the Labor side has been able to tear themselves away from their ideology and understand the value of this work. The city of Brisbane was offered a Work for the Dole project to help to install cat’s-eye reflectors, which help firemen to identify fire hydrants when they are going to put out a fire and hopefully save property and life. Unbelievably, when this government—the Howard government—offered Brisbane this project, they refused it and have spent $1.5 million of ratepayers’ money in Brisbane to provide a valuable service that the unemployed could have provided.

When questioned about this on 4BC, the now Lord Mayor said, ‘We’ve evaluated Work for the Dole and it doesn’t have much value.’ Well, there has not been one Work for the Dole project with Brisbane City Council because they have refused to have them. I rang the Mackay City Council in the electorate of Dawson because I knew that they had actually installed cat’s-eye reflectors and I asked them whether they were satisfied and whether there was a problem. Their executive manager for infrastructure said, ‘It’s been very positively received by the council. It is doubtful if the installation of the cat’s eyes would have been done without Work for the Dole.’

Those on the other side disagree with each other on a lot of things. They should get on board with the coalition and support Work for the Dole—a positive initiative for the unemployed and Australia.

**Immigration: Visa Approvals**

Ms GILLARD (3.17 p.m.)—My question is to the Minister for Immigration and Multicultural and Indigenous Affairs. Can the minister confirm that Mr Dante Tan’s business skills visa was cancelled on 5 September 2001? Can the minister confirm that, apart from a statement signed by Mr Tan, there is no evidence that he was running a business, as required by the business skills visa? Can the minister confirm that the department withdrew from visa cancellation proceedings in November 2001, following an intervention by Mr Karim Kisrwani? Can the minister confirm that Mr Dante Tan not only received his visa but also is now an Australian citizen? Given this, how does the minister expect Australians to have faith in our immigration system when the minister’s electorate office received a $10,000 donation from this man on 14 October?

The SPEAKER—The member for Lalor will resume her seat.

Ms GILLARD—It is fact.

The SPEAKER—If the member for Lalor is so anxious to indicate to me what are or are not facts, she might care instead to acquaint herself with standing order 153. The latter part of her question would not have stood the scrutiny of standing order 153. I thought we had given some evidence of that in earlier interventions during the week.

Mr Abbott—Mr Speaker, I rise on a point of order under the standing orders. This so-called question was just one long smear masquerading as a question. It was nothing but a smear and a fishing expedition, and the whole question ought to be ruled out of order.

Mr Swan—Mr Speaker, further to the point of order raised by the Leader of Government Business in the House, under standing order 142 it is entirely appropriate for the opposition to be asking questions of this
minister, as they directly concern areas of his ministerial responsibility. We have asked a number of questions asking him to confirm or not confirm important facts relating to the administration of his portfolio.

The SPEAKER—The Manager of Opposition Business has made his point and will resume his seat.

Mrs Bronwyn Bishop—Mr Speaker, on the point of order: I draw your attention to standing order 76—

Mr Tanner interjecting—

The SPEAKER—The member for Melbourne is warned! The member for Mackellar has the call.

Mrs Bronwyn Bishop—Mr Speaker, I draw your attention to standing order 76, which deals with imputations of improper motives and personal reflections, and I would then refer you to the fact that that should be considered disorderly behaviour. I would ask you to rule that the member who has asked the question is disorderly and deal with her under either 304A or 306, as there has been a persistent line in these imputations and improper reflections right throughout the period of question time today.

The SPEAKER—The chair has closely monitored questions today, as I should every day. I pointed out to the member for Lalor that the latter part of her question was inappropriate, and I pointed that out under standing order 153 questions should not be asked that are critical of the character or conduct of either persons who should be challenged only through a substantive motion or those about whom questions should be placed on notice on the Notice Paper. I intervened in the latter part of the member’s question because, clearly, she was not familiar with standing order 153 and the latter part of her question was quite inappropriate. The earlier part of the question did in fact ask for a number of facts to be delivered on whether or not a visa had been cancelled, when it had been cancelled and what evidence had existed for the cancellation of the visa. I did not see that as imputing improper motives to the minister, and I allowed that part of the question to stand. I would expect the member for Lalor, since it is the second time I have made this point to her today, to recognise that the sorts of comments she has now made at the end of two questions are inappropriate.

Ms GILLARD—if it would assist you, Mr Speaker, and the House, I can rephrase the last part of the question so it only raises a fact.

The SPEAKER—if the member for Lalor were to assist me, she would withdraw the latter part of the question and resume her seat.

Government members interjecting—

The SPEAKER—I have asked the member for Lalor, to assist the chair, to withdraw the latter part of the question.

Ms GILLARD—to assist you, Mr Speaker, I will withdraw the last part of the question.

Mr RUDDOCK—Mr Speaker, I fully addressed these issues yesterday. I had advice in relation to the answer I gave. I am disappointed that the honourable member for Lalor has not read the answer I gave yesterday. She clearly had not in relation to the earlier question she put to me, and she clearly has not in relation to some of the information that she asserted as fact on this occasion.

Mr McMullan—Your problem is that she has.

Mr RUDDOCK—No, it is quite clear she has not. The only occasion on which I had any role in relation to this matter was in relation to the withdrawal in relation to the AAT, and the circumstances of that have been recounted. The only other involvement I have
specifically had is to instruct the department in relation to the matters I adverted to yesterday, where the department may have been misled in relation to the grant of citizenship, that they should expeditiously pursue that issue in relation to character. I do not suggest that this is in any way a defence of what has happened on Mr Tan’s part, but in relation to donations that are made—

Ms Gillard—To your electorate office.

Mr Ruddock—to my electorate conference, they are fully disclosed, as they are required to be under the law. The fact that we have done that and done it properly has meant that on your fishing expedition, your trawling over the party’s register, you have disclosed this donation and that has led to a situation where his visa is very much at risk.

Ms Gillard interjecting—

Mr Ruddock—It is.

Ms King interjecting—

The Speaker—The member for Ballarat is warned!

Mr Ruddock—And I clearly do believe if people mislead us—

Ms Gillard interjecting—

The Speaker—The member for Lalor is warned!

Mr Ruddock—in relation to the grant of a visa, those matters should be pursued, and they are and they will be.

Mr Howard—Mr Speaker, I ask that further questions be placed on the Notice Paper.

Parliament House: Air Quality Standards

The Speaker—(3.26 p.m.)—I have a brief statement to make to the House. I would be facilitated if members resumed their seats or left the chamber, depending on their convenience.

Yesterday the member for Franklin asked me about air quality near the House of Representatives entrance and the potential effect on Comcar drivers. I am advised that the Joint House Department paint shop does vent near the House of Representatives side door. The question of odours occurring in this area has arisen in the past, especially in the winter months when heavy, cold air holds any odours emanating from the paint shop for a longer period than normal. Tests done by independent experts confirm that air quality standards were being met. Since those tests were done, the large spray booth located in the area has been decommissioned, reducing substantially a major source of odours. In addition, most of the paint used in Parliament House is water based. To update its records, the Joint House Department will be conducting a new set of readings on air quality standards in the area in the near future.

PAPERS

Mr Abbott (Warringah—Leader of the House) (3.27 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. I move:

That the House take note of the following papers:

Australian Land Transport Development Program—Progress report for 2001-02.


Debate (on motion by Mr Swan) adjourned.

Auditor-General’s Reports

Report No. 45 of 2002-03

The Speaker—I present the Auditor-General’s Audit Report No. 45 of 2002-03 entitled Business support process audit—Reporting of financial statements and audit reports in annual reports.

Ordered that the report be printed.
MATTERS OF PUBLIC IMPORTANCE

Howard Government: Aged Care

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

The failure of the Government to protect the frail and elderly residents of nursing homes.

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—

Ms ELLIS (Canberra) (3.29 p.m.)—It saddens me to have to open up this matter of public importance on the failure of the government to protect the frail and elderly residents of nursing homes. The kerosene bath scandal which, as we all remember, occurred in 2000 under the Howard government’s then Minister for Aged Care, the Hon. Bronwyn Bishop MP, shocked the nation. The appointment of the Hon. Kevin Andrews as Minister for Ageing in 2001 gave the sector and the Australian public some hope that the government would take real action to protect the frail and elderly residents of nursing homes.

Sadly, three years after the kerosene scandal, there are still shocking cases of abuse, negligence and mistreatment in nursing homes. I must add here that there is no doubt at all that the majority of providers do their best to provide good care to their residents. The big question is: do we leave it up to the aged care sector to justify its own delivery of services or do we have a strong and independent quality assurance and accreditation system in place? I will return to this question later on.

Since my appointment as shadow minister for ageing, I have heard constant stories about low quality of care levels in some facilities. Let me give you an example of the latest horror story. The accreditation agency’s report, which has not been publicly released, shows horrifying conditions in Tangerine Lodge in Victoria. The most shocking finding in the report, which I have obtained, is that there were no assessments or care plans for two residents who died earlier this year. One of those residents was admitted in December 2002 and was found dead in February this year. I do not know how that person died, but the fact that there was no care plan is very worrying.

The other resident was also admitted in December 2002 and had a high number of falls since admission but no clinical assessments or care plans to guide and alert staff to their high risk of falling. This resident vomited blood on 27 January this year and was seen by a doctor and, two days later, on 29 January at 7.30 in the morning, was found with breathing difficulties and later died at three minutes past one. There is no record that this resident’s condition had deteriorated—which suggests, sadly, that there was no monitoring—nor was there any record that they had seen a doctor on 29 January, the day of death.

The horror report has many other shocking findings. Documents suggest that one resident who was admitted in March this year with a diagnosis of insulin-dependent diabetes, cancer, epilepsy, stroke and anaemia was not assessed by care staff or a doctor to determine their clinical needs. Young boys were reportedly working in the facility as volunteers and had been assisting in nursing care, including continence management of female patients. Residents had unreported bruises, were left in urine soaked sleepwear, were given incorrect doses of medication and were not treated for medical conditions such
as diabetes and swallowing disorders. Can you imagine having a swallowing disorder and receiving no medical treatment? It is too frightening to imagine. Other findings include that palliative care was not implemented during the final stages of life, there was a chronic shortage of staff and, due to this, one resident had been left unattended on the toilet for up to half an hour. In all, Tangerine Lodge failed 33 of 44 accreditation standards, and these are just some examples of the report's findings. This report obviously makes me very angry.

Thankfully, the Department of Health and Ageing has placed sanctions on the nursing home. The nursing home must now address these issues in the next three weeks or its accreditation will be revoked. The provider has asked that the accreditation decision be reconsidered—which sounds to me pretty hard to believe, but it is true. This is just the latest horror story following numerous cases we have heard throughout this year. Two weeks ago, we heard about the maggots in Collaroy Nursing Home, and now this story. I will not outline all of the other numerous horror stories, as they are all so very upsetting and time does not permit. However, I will mention that there were severe stories in the following facilities, and these are only some: Aminya Village Hostel in South Australia; Girrawheen Court Hostel and Girrawheen Nursing Home, Nunawading Community Hostel and Ripplebrook Village in Victoria.

The Howard government, in my view, has broken its promise to protect our frail and elderly nursing home residents. Families entrust their frail and elderly residents to the care of this government's system. I fear that we will hear more horrifying stories unless Minister Andrews takes immediate action to improve the current inadequate accreditation system. Going on the minister's record in relation to all of the other reforms desperately needed in the age care sector, we should not be holding our breath.

On 12 November 1998, the then Minister for Aged Care, the Hon. Bronwyn Bishop said:
The government has established the Aged Care Standards and Accreditation Agency (the agency) to manage the accreditation of aged care services. The agency will play a leading role in ensuring that residential aged care facilities achieve and maintain high standards of care and accommodation.

As we can see from the shocking examples I have given, the system is failing. In Senate estimates in February this year, we asked the Department of Health and Ageing to tell us how often spot checks had been carried out in various nursing homes which had failed accreditation or for which there had been reports of shocking conditions. The official response from the department was:
The Department and the Agency undertook over 900 spot checks nationally in 2002.
At a departmental briefing, I was told that no further details about spot checks would be available. Why won't Minister Andrews give the public and me this vital information? What is he hiding? The secrecy around this issue suggests to me that those nursing homes and many others may not have had any spot checks since their last accreditation audit—a period which could be up to four years.

Going on the figures from the department, only 30 per cent of 3,000 nursing homes received a spot check last year. To put it another way, two out of every three nursing homes did not receive a spot check or, to put it yet another way, 2,100 nursing homes never got a spot check. Clearly, this regime is not working, and the federal budget did not provide any new funding to the accreditation agency to ensure that more spot checks will be carried out in nursing homes to prevent
the kind of abuse and maltreatment we are talking about here today.

If there were any doubts about the failure of the government’s accreditation system, then the recent Australian National Audit Office report on the accreditation agency will, unfortunately, put those doubts to rest. The audit report confirms what many in the industry have been saying for years: that the Howard government’s accreditation system for residential aged care may not actually improve the quality of care for residents. The Auditor’s report concluded that there was no way of knowing whether or not the accreditation system actually improves the quality of care for residents, because the government had not undertaken an evaluation program to determine this vital information. The accreditation system costs the government millions of dollars—an estimated $11.5 million this financial year—and service providers are charged a fee for each accreditation review.

It is astonishing that this government would introduce an accreditation system without ever developing an evaluation program to see if it actually achieves its goal of improving the quality of care. However, why should we be surprised? This is the government that introduced its much-touted new approach to aged care back in 1997, when it was claimed in this place:

"...the government’s commitment to a new era in the provision of residential aged care in this country, based on dignity, comfort and security for all.

At a workshop for the accreditation agency in June of last year, Minister Andrews said:

The care of residents in all aged care homes is the ultimate aim of everybody involved in the aged care sector and I think it is important that we constantly remind ourselves of that. It is not the process which matters as much as the outcome—and that is the care of the resident. That is always where our focus must be. We must continue to work together so that we can make steady ad-

vances in raising the standard of aged care to benefit residents.

I couldn’t agree more. There is a promise that we see broken. We now have a complex system that measures process, not outcome.

Let me return to Tangerine Lodge. This is one of the four facilities owned and operated by Marnotta Pty Ltd. At Senate estimates last night, certain points became clear. Firstly, up until December last year, it appears Tangerine Lodge, which was previously called Abalene Private Nursing Home, was operating at an acceptable level. Secondly, in December last year, it changed hands. We understand a new owner or operator or manager took over and there was a turnover of most, or possibly all, staff members. The minister, I note, is shaking his head to that. Well, we were misinformed in Senate estimates last night if he has different information.

When a facility changes hands, the department, under the provisions of the Aged Care Act 1997, carries out a series of checks regarding the new operator, including checks on standards of care and financial viability. We were told in Senate estimates last night that this series of checks did occur—and these checks are listed in great detail in the Age Care Act 1997. They are there for everybody to see what should be done. Between December last and March this year something dramatic must have occurred because, in that three months, Tangerine Lodge went from being an approved provider to an operator of a horror nursing home. This facility, along with three other Marnotta owned facilities, is now in receivership. There are very serious questions to be answered here. How could financial viability change so quickly? How could the level of care drop so dramatically? And what are the mechanisms under the Aged Care Act which enable the department to ensure that, following the sale of a nursing home, the wellbeing of residents is protected? How does the department en-
sure that the sale of a nursing home does not lead to this sort of outcome?

The latest in this sorry saga is the advertisement which appeared in yesterday’s Financial Review in the ‘Business for Sale’ section. There, sadly, amongst the sale of a primary industry warehouse site, tyres and mufflers, and even a vineyard, is the sale advertisement for four aged care facilities—all Marnotta owned and currently under receivership: Rosedale Manor, Ripplebrook Village, Villa Lombardia and Tangerine Lodge, all up for sale. What the advertisement—I think, very sadly—does not include is the most important aspect of the sale: the lives, care and wellbeing of at least 145 elderly and frail people who come with these businesses. And let us not forget that one of these nursing homes under receivership, Ripplebrook Village, had taken in former residents of the Riverside Home after the kerosene baths scandal. Ripplebrook failed five of the 44 accreditation standards earlier this year.

The Department of Health and Ageing reportedly gave $65,000 to Ripplebrook Village so that it could accept the kerosene victims who left Riverside. What has happened to that money and why is Ripplebrook now in receivership? Whenever a horror story breaks in the press and whenever I make a public statement about the quality of care in nursing homes, the response from Minister Andrews is usually very quiet—in fact, silent.

However, the minister did comment on an ABC radio interview earlier this week on the subject of Tangerine Lodge. He was reported as saying, in effect, that there were only six facilities under sanction at the moment. In other words, maybe he was suggesting that the situation was not all that serious. But the minister, if that is what he meant, is missing the point entirely. It is not just a matter of where the sanctions are, of how many facilities may be affected; it is all about how the system ensures that all residents everywhere are receiving care based on ‘dignity, comfort and security for all’, to quote the government. The aged care sector has lost its confidence in this minister. ANHECA News of April this year said:

This is the Minister for ‘inactivity’. When it comes to really doing something for the sector the Minister has failed. The aged care sector has been very trusting of this Minister and has extended a very long honeymoon period in the belief he would deliver ... the honeymoon is well and truly over.

Minister, the care of our frail aged and the viability of this sector is in your hands and the hands of the government. The Howard government should start treating older people with the respect they deserve and stop allowing them to be treated and seen as a commodity to be traded.

Mr ANDREWS (Menzies—Minister for Ageing) (3.44 p.m.)—When the Labor Party was in government there was no standards and accreditation agency for aged care—none—and there was no complaints commissioner for aged care. Debate on the matter of public importance that the honourable member for Canberra has raised is only possible because this government took steps to put in place a transparent and accountable system for aged care homes in Australia. The information quoted by the honourable member for Canberra is only available to be quoted, here or elsewhere, because it is placed on a public web site that any person in Australia can access to determine whether an aged care home is under sanction. There are 2,944 Commonwealth sponsored or funded aged care homes in Australia, of which 2,938 are operating in a manner which attracts not one sanction. At last count, of the 2,944 accredited homes, six have sanctions against them, details of which are publicly available to any
Australian who wants to go to the web site of the Aged Care Standards and Accreditation Agency and find them.

The government have done two things so far as aged care in Australia is concerned to protect the residents and to give reassurance to their families. Firstly, we have established something which was never there in 13 years of Labor government: an Aged Care Standards and Accreditation Agency. That agency operates independently from the government, independently from me as the minister and independently from the Department of Health and Ageing. It can go in and do spot checks and carry out monitoring visits—and I will come to the number of those visits in a moment. Secondly, we have established a complaints commissioner. People can get on the phone and ring a 1800 number or make contact with a complaints commissioner, and their complaints will be taken up and investigated. None of that was there when the Labor Party was in government.

This debate is only possible in the detail which has been raised by the member for Canberra because we have taken steps to put a transparent, accountable system in place. Under the previous government, each home was visited about once every two years on an ad hoc basis. There was no accreditation system in place. We are about halfway through the second round of accreditation. After the 1997 aged care reforms, all these homes were accredited. One of the immediate outcomes of that reforming legislation being passed by this parliament, at the instigation of this government, was that about 200 aged care operators in Australia realised they were not up to scratch under the new legislation and no longer carried on the operation of aged care homes. In effect, with the introduction of this legislation, 200 operators who had been operating in a substandard way immediately moved out of the aged care sector. I ask rhetorically: how many homes were closed by the Labor Party while they were in government for 13 years? Just one. One aged care home was closed in 13 years of Labor Party government, and I am advised that that was in 1991. The ability to put sanctions in place—sanctions which currently operate against six homes, named by the member for Canberra—is something which was brought about by this government through those changes in 1997.

Let us talk about spot checks and monitoring. There were some 3,000 monitoring visits over the course of the last year, including some 900 spot checks, carried out both by the Aged Care Standards and Accreditation Agency and by the Department of Health and Ageing. Where a pattern has been identified or a complaint has been made, there is the ability for an unannounced check to be made in any of these aged care homes, and that does occur. In addition, there are checks made after some notice has been given to the homes. Beyond that again, most of the homes in Australia get a three-year accreditation, which means that once every three years there is a detailed assessment of every aged care home in Australia that receives Commonwealth funding—whether or not there have been any complaints against them. The overwhelming majority of the homes—99.8 per cent—do not have any sanctions on them. Nonetheless, we still go in, and the department and, particularly, the agency look at all of the homes and at whether or not they are making continuous improvements.

Not only do we have a vast contrast between the regulatory system in place under this government and the previous system; we have a system through which Australians can find out about what is happening with aged care homes. As I have said, under the previous system we could not have had this debate. There was no knowledge of whether a particular home was meeting standards. There was no real way of checking whether
standards were being met, and there was certainly no assurance to the public, through some sort of notice, that homes were subject to sanctions.

Sanctions are a way in which the department can work with the provider. In the minority of cases where standards have not been met—for example, in the six homes where sanctions are in place—we put sanctions in place to ensure that standards are raised. Sanctions include such things as not being able to take another resident funded by the Commonwealth for a period. In other words, until standards are appropriate, the Commonwealth will not allow anyone else funded by the Commonwealth into the home. A common sanction, in the very small minority of cases where sanctions are applied, is to require the provider of the home to appoint a nurse administrator—that is, somebody with experience in the care of residents and care standards—to come in and ensure that standards are achieved. In that way, we carry out a facilitative and educational function in order to raise standards.

At the end of the day, there is a judgment to be made about an ultimate sanction: the closure of a home or the revocation of places. If that does occur, residents of that home would have to move elsewhere which, in itself, can be traumatic to frail elderly people. So a judgment is made in putting sanctions in place and saying to the provider, ‘We want you to bring this residence up to scratch so that it meets what is regarded by the community as appropriate.’ That system is one which this government has put in place and which did not exist prior to this government coming to office in 1996. For 13 years under the Labor Party, we did not have such a system in place.

What did we as a government inherit so far as aged care is concerned? In my belief, there were 13 years of neglect of aged care in this country. Labor’s legacy was exposed in the Auditor-General’s 1998 report entitled The planning of aged care which showed that, when we came to office in 1996, the Labor Party after more than a decade in government had left a shortage of 10,000 aged care places in Australia. In 1994 the Gregory report found, for example, that 13 per cent of nursing homes failed to meet the relevant fire authority standards, 11 per cent of nursing homes did not meet the relevant health authority standards, 70 per cent of nursing homes did not meet the relevant outcome standards and 51 per cent of nursing home residents were living in rooms with three or more beds. That is the record indicated by Professor Gregory in his 1994 report and subsequently confirmed by the Commonwealth Auditor-General in relation to failure to provide the number of nursing home beds that were required. That is the record we inherited on coming to office.

Not only did you have no effective regulatory system in place but you also had a massive shortage of residential and other aged care beds in this country. We have substantially increased the number of aged care beds. Over the last four years we have increased the allocation of beds by over 50,000. We have set ourselves a target of 200,000 aged care places in Australia by 2006—a target which we are on track to meet. Indeed, more than 8,000 additional places were allocated by this government, and the regional distribution of those announced, just a few weeks ago. So we have not only put an accreditation and regulatory system in place but also substantially increased the funding for aged care and the number of aged care places in Australia. Since coming to government, the Howard government has increased total funding for aged care from $3 billion to $6 billion—from $3,000 million to, in the coming financial year, $6,000 million. That is an indication of
the commitment we are making to the aged care system overall and to the welfare and wellbeing of residents.

In addition to that, we are currently conducting a pricing inquiry. I heard the shadow minister, the member for Canberra, refer to comments from the industry. We promised at the 2001 election that we would put an extra $211 million into recurrent funding for aged care and an extra $100 million into capital funding for aged care over a period of four years, in addition to which we would conduct a major pricing inquiry into the underlying costs of aged care. Professor Warren Hogan, an emeritus professor of economics at Sydney University, has been appointed as the chair—the reviewer—of that pricing inquiry. He has had submissions from many in the aged care industry and is conducting consultations with people in the aged care industry throughout Australia and getting input on that. He has set up a process whereby aged care providers in Australia can put their financial data through KPMG in a confidential way to the inquiry so that we can ascertain the real situation so far as the price pressures in aged care are concerned. Again, that inquiry is a commitment met in full and on time by this government.

So not only have we delivered in last year’s budget $211 million extra in recurrent funding over four years and $100 million extra in capital funding over four years but also we have established what the industry itself wants: an independent analysis of the pricing pressures in aged care in Australia. And all this has been in the context of increasing the overall funding from $3,000 million when we came to government in 1996 to $6,000 million in the budget for the next financial year. These are substantial contributions and significant improvements to aged care which stand in stark contrast to the record of the previous government.

The health and wellbeing of residents remain the primary concerns of the government. It includes these measures which have been put in place. It includes the 3,000 or so visits to aged care homes and the 900 spot checks. It includes the fact that every two to three years an aged care facility is going to have to be reaccredited by the agency, whether or not there has been any question about the way in which it provides care. One of the things the agency has now begun to do, after establishing its operations of the first couple of years, is to take on an educational role so that it can work hand in hand with aged care providers that wish to be able to provide the best possible service.

I am proud of the aged care system in Australia. If one talks to overseas delegations, who come here quite often because they want to look at the Australian aged care system, or if one goes overseas to ageing or aged care conferences, as I have been privileged enough to do on a couple of occasions, what strikes one as quite remarkable is the number of people from overseas who want to know about the operation of aged care in Australia. The impression I get—and this has been said quite clearly by a number of people from overseas—is that they regard the Australian aged care system as one of the best, if not the best, in the world. We all know that there is always an opportunity for improvement in any system, and there are opportunities for improvement here. That is what we are working on at present—the educative role of the agency, cooperation between the agency and the department and the assurance that people can find out what is happening when a home has been placed under sanction by the system. All of those things are part of the overall improvement of aged care in Australia.

Every one of us in Australia wants the best possible care we can get for our parents and our elderly relatives, and I suspect that if we
were frank about it we would probably say, ‘If one day I am going to end up in an aged care facility then I want that facility to be of the sort of quality that I would want for myself.’ I invite honourable members who have not done so to visit some of the aged care facilities in their own electorates, because they will see that we have a system which is overwhelmingly very good. This is in large part an achievement of this government through putting in place the regulatory structure and making the huge additional expenditure on aged care which we will continue to maintain.

Mrs Crosio (Prospect) (3.58 p.m.)—I too very proudly join the shadow minister for ageing and seniors, the honourable member for Canberra, in putting to this parliament the problems in this area and the concerns we on this side of the House have for our aged in the community. Before I reiterate some of the points made by the member for Canberra, I would like to take the Minister for Ageing to task on a number of statements he has made in the last 20 minutes. The minister said that he was very concerned in looking at accreditation and the conditions of some of the nursing homes about the difficulties they have if they need to move patients. Well, Minister, I would rather you move a patient than have a patient die because of neglect.

The minister wanted to keep on for about 10 minutes on the neglect of the Labor Party. I put it back to him: you have had seven years since to fix it—do not go back, go forward. The aged in this community are not going to wait for you sitting there telling us what we have or have not done. They are demanding and we are asking: what have you done?

You talk about the increase in the budget. All the money in the world as an increase in the budget is not going to fix up inadequate and understaffed homes and the undertrained people looking after our elderly. If staff are not there and they are not efficiently trained, you have not got a hope in Hades of looking after the elderly well. They are the last to complain; they have not got a voice with which to do it. We, the elected representatives of this House, should be standing up and proudly speaking for them.

The minister made a great thing about the agency they have set up since they came into office. I say to the minister: for an agency to operate efficiently and well, it has to be well funded. Obviously, when he talks about his $3 billion to $6 billion, he wants to have a look at where the money is being spent.

Also, the public information that was made available on the web site was stopped mysteriously when you came into government. Now I notice that it has gone back up again; but it has gone back up listing only sanctions. Where are the complaints? Let us see them as well so that each one of us in our own electorates can be made aware of the nursing homes that we represent. Then we can see what those nursing homes have received as far as complaints are concerned, and we can take the action there.

In commending the member for Canberra, our shadow minister for ageing, may I also say that the people we are talking about are not statistics. These people are our mothers, our fathers, our grandmothers and our grandfathers. Some of the stories that you hear about the care of these dear people should make the minister cringe. I can well understand why he wants to walk away from the despatch box. You would not treat your animal that way. However, in 21st century Australia we are treating worse than animals people who have worked hard, paid their taxes, brought up children and provided for them. It is up to you, Minister; it is your system. The buck stops with you. It is your responsibility.
What is this government’s response? I will tell you what it is: they are effectively sitting on their hands and saying that it is all too hard: ‘The dreadful Labor government was there for 13 years; we’ve only been in seven. It’s all too hard.’

I refer to a more recent report by the Australian National Audit Office, which stated that the accreditation system of the Howard government has no system in place that would allow for an evaluation to be made as to whether care has actually improved for patients. This system, which provides absolutely no insight whatsoever into what sort of care is being provided to our nursing home recipients, has cost taxpayers this financial year $11.5 million. Added to this, the providers are charged a fee by this government for this review.

It appears to me—and, I believe, to many in the community and certainly to everyone on this side of the House—that this accreditation system, overseen by this minister, is nothing but a sham. The minister has just spent 15 minutes spouting to us about all of the effort and money that the government has poured into the system. But the recipients and their families need evaluation. They need to know that the government is keeping an eye on the care that is being provided to their loved ones. It has taken the strong critique by the ANAO to at last get this government to agree—just to agree—that there may be a problem.

On this issue, the government cannot hoodwink the public. Those many thousands in the community who have family members in our nursing homes know exactly what is going on. You cannot trick them. All the glossy brochures, all the quoting of your departmental statistics and all the bureaucratic doublespeak cannot hide the deficiencies of this system.

In the last couple of weeks, we have heard more horror stories. One story which the member for Canberra mentioned, that of the Collaroy Nursing Home, particularly sickened me, and it should sicken you, Minister. To hear that there were regular outbreaks of scabies and an infestation of maggots in the staff room is absolutely disgusting. How on earth was this allowed to happen? Why? It happened because this government minister is incompetent. That is right: he is outrageously incompetent.

The most concerning part of this story was that the staff of the home attempted on a number of occasions to have conditions improved but were ignored by management. The management of this home obviously could not have cared less for the health, wellbeing and care of these elderly people. The heartlessness of some of the people who own and run nursing homes is beyond contempt. I cannot fathom what makes these people show not an iota of compassion for our aged.

I am also astounded that their local federal member, the honourable member for Mackellar—and this has already been repeated here—has not even asked one question in this parliament of the minister concerning the conditions in this nursing home. I understand that this home is right in the heart of her electorate, and I am sure we do not have to provide her with a map so that she can find it. I am sure that she would have received, like many of us have, a number of complaints from concerned loved ones.

But for once she is very conspicuous by her deadly silence. She made a name for herself over the years for her dogged attacks on her opponents. Why not this time? What is the problem? What is she trying to hide? I will tell you what the problem is: she is hiding because she was responsible for it.
The current Minister for Ageing inherited a system that had been hopelessly administered by the member for Mackellar. Even her political blood brother, the Prime Minister, was unable to stomach her incompetency and moved her from the ministry. I am sure we all remember that kerosene bath scandal and the Yagoona Nursing Home. Yes, nobody has forgotten them and the honourable member’s breathtakingly inadequate response to them.

The government can provide up to three years accreditation to nursing homes. The minister has repeated that. That is the maximum. However, it provides forewarning of the accreditation process. So why wouldn’t a dodgy operator be able to clean everything up for the accreditation? They can just get out the paint brush, change the urine-soaked sheets and clean the toilets, because they are going to have a spot check and they have been told they are going to have it. It does happen.

I will agree with the minister that not a lot of our nursing homes do this. There are a lot of good nursing homes out there in the community which are providing adequate care. I am sure it is a small number of others that we need to monitor. They are the heartless minority. But the government has a duty to the elderly to keep all of the system credible.

A large part of the problem is lack of funding, no matter what the minister wanted to tell us in his reply today to this matter of public importance. An example I will repeat is the system of spot checks. In 2002 only 30 per cent of our nursing homes received spot checks. Why? I can only assume that there were not enough inspectors to go around to all of the 3,000 homes we have within Australia.

This government, this minister and this Prime Minister have to put their money where their mouths are. They must properly fund the system that cares for our elderly people. If you care, Minister—and you state in this House that you do—then fund it. This government is the highest taxing government we have ever had; however, the recent budget provided nothing for the improved care of our elderly. Do not quote statistics to me; I too read the budget papers. I remind this government that the people we are talking about today have paid their taxes over many years. They have brought up families. They have worked hard to pay off their homes and save enough to pay for their future care. So they have definitely earned the right to have their government protect them from unscrupulous nursing home operators in their old age. The community demands it. Minister, they believe that it is a government’s duty to provide conditions for an aged care sector that actually cares for the aged.

The case of Tangerine Lodge was really deplorable. You banned the lodge from taking on any new people for six months. What about the people who were already there? What about the care of them? Don’t we care? Don’t you care? This home passed only a quarter of the accreditation standards two months ago. Finally the Department of Health and Ageing have placed sanctions on the home. I will repeat for the minister that some of the findings of the report were scathing. Residents had been provided with incorrect doses of medication and left in urine-soaked sleepwear. They were not treated for conditions such as diabetes and suffered a number of unreported bruises. Minister, do not cite facts; just get out there and do the job. (Time expired)

Mrs DE-ANNE KELLY (Dawson) (4.09 p.m.)—First of all, I would like to deal with the question of funding. When we came to government in 1996, the total amount for aged care funding was $3 billion. That has now increased to $6 billion for the next financial year. It has doubled, whereas over
the same period of time the increase in population of those aged over 70 was 16.5 per cent. We have also increased the amount for aged care assessment teams: a 10.5 per cent increase or an additional $2.5 million. In the Home and Community Care program, there have been more than 400,000 extra Meals on Wheels services, 500,000 extra hours of respite care and social support, and 280,000 extra hours of domestic help. We have released more than 52,700 aged care places in the past five years, and we are going to continue rolling out those aged care places. Bearing in mind that we have doubled funding to $6 billion since we came to government, what was the situation under the Labor government?

Mr Martin Ferguson—We are talking about aged care, not your printing allowance.

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Batman seems to want to test the chair’s will!

Mrs DE-ANNE KELLY—Let me refer to the Canberra Times and the year of 1991. The headline was ‘Funding crisis causes queues for aged care’. That was the story under the Labor government in 1991. Again in 1991, the headline in the Australian was ‘Funding crisis cripples nursing homes’. The article tells of a Mrs Irene Lambrose, who was going to be denied nursing care when she most needed it after a stroke—all because of government funding cutbacks to nursing homes.

That was in 1991. Did it improve? No. In 1991 hundreds of beds in newly completed state-run nursing homes in Victoria lay empty because government funds would not cover operating costs. Eleven brand new homes, sparkling clean and beautiful, were absolutely empty. Also in 1991, under the heading ‘Nursing homes face cuts in funds’ an article in the Australian newspaper said: The Minister for Aged Care, Mr Staples— in the Labor government—

said last night that he was annoyed that nursing homes had imposed food rations—

he was annoyed!—

skimped on medical equipment and worked the guts out of nurses despite having received government subsidies for those purposes.

Well, what did Mr Staples do? Did he, like our ministers, leap in and put in an accreditation system? No, this is what Mr Staples did: Mr Staples said the government would discuss the need for subsidy increases with industry representatives during the next few months.

What a minister on the go! The ‘next few months’ was good enough for the ALP when they were in government and were cutting funds to nursing homes. I will not continue to go through 1991 because it just continues to get worse—funding cuts from the ALP in government. Let us go on to 1994—three years later. Had matters with funding improved? No. The Age said:

Victoria’s nursing homes were facing a financial crisis due to cuts in Commonwealth funding, with 14 homes going into receivership in the past few years according to the National Association of Nursing Homes.

So far as funding is concerned, not only did they not have the money but also homes were closing and there was a great deal of criticism. But the minister at the time, Mr Staples, was going to get around to it in a few months time. And things had not improved three years later.

Let us have a look at what the government have done as far as standards are concerned. I have already established that we have done twice as much with funding as the Labor Party ever did. We have introduced aged care standards accreditation. We have 2,947 services currently accredited. In fact the assessment teams for the agency made 3,000 visits in 2002 to monitor services and the quality of care—that is 60 visits a week to
monitor care. The agency and department conducted 948 spot checks—that is 20 a week.

So we are definitely rigorous and particular about ensuring the ongoing monitoring of all homes to ensure that the aged and frail receive a standard of care that they are entitled to. More than that, though, we also have in place an aged care complaints resolution scheme. It is a significant layer of protection for aged care residents. Any resident, any relative and any employee—anybody—can make a complaint against a home in complete confidentiality and know that it will be thoroughly investigated. The reason I know this is that some complaints have been made against homes in my own electorate. We all accept that there must be a completely independent way for residents who may have a grievance to have it thoroughly investigated and, if need be, have it corrected. The fact that this system works for the frail and the aged is significant.

In 2001-02 the scheme dealt with 1,249 complaints. That is proof that aged people feel secure in making a complaint if they have a concern about a home. Since its inception by this government, the scheme has received in total 6,000 complaints, all thoroughly investigated and rectified. I think it must be a great comfort to the relatives and the residents to know that their complaint is within all confidentiality: their name is not given to the home, to anyone else or to members of parliament, and it is investigated thoroughly. They have a complete check-up and backup system.

But what was the system under the Labor Party? Let us have a look at how people were treated then. In 1990, six WA nursing homes were probed. The *West Australian* claimed:

One nursing home crammed seven beds into a gloomy ward which smelt of urine. Another was taking the resident’s full pension.

Let us go to 1991:

Patients in two nursing homes were not given enough food, over-supplied with drugs to keep them quiet and denied painkillers.

That is from the *West Australian*. In 1994 had things improved in three years? We know the government did not increase their funding, because homes were closing, but had they improved their standards? No. The article continues:

... because the federal government regulations did not allow residents to be charged more, the commission found that people were being exploited because they were non-vocal and non-voting. Carers condemn homes for the elderly.

Let us go back to 1991—and this is an extraordinary case:

One elderly woman was left untreated for 18 days with a broken ankle under the ALP government’s Minister for Aged Care. She screamed in pain when she was moved.

**Ms Ellis**—What about people who have died?

**Mrs DE-ANNE KELLY**—We are getting to people who have died in nursing homes, sad to say. In 1994 the heading in the *Canberra Times* was ‘Hypnotic drug use high in homes’. In 1994 it was ‘Residents fed on scraps’. In 1995 it was ‘Most Australian nursing homes do not meet building design standards: need of upgrading and replacing’. Also in 1995, it was ‘Staff tell of aged care abuses’. Nursing staff brought food from their own homes to feed residents who would wake up at night crying from hunger. A man who was incontinent had been bathed just twice a week. Where was the indignation of the ALP in government at all of these abuses, right up to the time we took government in 1996?

**Mr Martin Ferguson interjecting**—

**The DEPUTY SPEAKER (Hon. I.R. Causley)**—The member for Batman will remove himself under standing order 304A.
The member for Batman then left the chamber.

Mrs DE-ANNE KELLY—In 1996 the Sydney Morning Herald read:
Suffering of the elderly: well over half of the nursing homes in New South Wales did not provide a safe environment for the elderly.

There was disgraceful suffering by the elderly under the opposition. And here it is, the most disgraceful situation of all: after we took government, we discovered that 40 residents died in one home in one year under the ALP government.

None of us condone any laxes in standards in homes, but the reality is that we have doubled the funding. We do not have these recurring stories; we have provided for old and frail residents in Australia. The Labor Party, frankly, are a disgrace to bring on this matter of public importance when their record from 1990 to 1996, when we took government, was one of underfunding, abuse, residents dying in homes, people left for 18 days with broken ankles and staff having to bring food scraps to feed people in homes. Thank goodness that the coalition is in government and that the Minister for Ageing is addressing these needs on an ongoing basis to provide funding and a dignified situation for those senior citizens who need to be cared for compassionately. (Time expired)

Mr WINDSOR (New England) (4.19 p.m.)—I would like to take this opportunity to speak briefly to this matter of public importance. I do not think there is any greater judgment of a society than of the way in which it treats its elderly. I appreciate the significant problem that government generally has in relation to an ageing community, because we are entering an era and I am partly in that age group myself—

Ms Ellis—You’ve got a long way to go yet!

Mr WINDSOR—I know I look much younger.

Mrs Irwin—I’m admitting nothing!

Mr WINDSOR—It is a day for admissions—not a good day for me either. It is a very important area, and governments are going to have to wrestle with it. In terms of funding arrangements, we will hit a hump and then the numbers of aged people will fall away again. So it is a wrestle that government is going to have to face. In fact, rather than condemn the government for its management of this particular issue—and we can always say that governments can always do better; there can always be more money made available, and I would be the first to suggest that there are ways in which we can improve the system—I think the Minister for Ageing, who is at the table, does need to be regarded as taking these issues forward, particularly when we look at the record of some of the previous ministers for ageing. I would particularly like to thank him for the time that he has spent in my electorate looking at particular country issues which are common not just to the electorate of New England but also to a lot of country electorates, which have specific problems.

I would like to talk about that country perspective. I remember that, when the minister was in my electorate of New England, I did a little bit of homework on him as to where he had come from and who he was. I looked at the size of his electorate and related it to the formula that distributes aged care beds. If you look at the minister’s electorate of Menzies, you see that it is about 100 square kilometres in size. The point I make is that the formula for the distribution of beds and the number of people over 70 per thousand head of population is similar in that seat to most other seats. The seat of New England, for instance, is 500 times bigger than that, and a similar formula is used in relation to the allo-
cation of aged care beds. The commonality between the two seats is that we have about 83,000 to 84,000 voters. The seat of Gwydir, for instance—next door to the seat of New England—is about 1,500 times bigger. There are other seats in other parts of the nation of course that are bigger again. But they do fit into the same aged care formula distribution package or arrangements that some of the smaller city seats have, and I think that is overlooked from time to time.

An economic rationalist approach to the distribution of these formulas does not take enough account of distance, smallness and remoteness. These are our country communities. We all talk about regional development and how we would like to see people in employment, raising families. However, if we do not provide adequate aged care facilities and have a flexible formula in relation to those facilities in smaller communities, which may well be considered non-viable for an aged care facility, the message we send to people is: get out of town early, travel to the local feedlot and go to your major metropolitan area, because that is where you will find transport to take you between the choice of facilities and that is where you will find government services more available. Once we send that signal to people in their 30s and 40s, we lose them from those communities further down the track—along with their wisdom, the job creation potential and the business opportunities they may have created. By not having flexible formulas in relation to the distribution of aged care facilities, we send a very negative signal into some of those smaller towns.

That is the problem that governments are going to have to wrestle with. Money is always going to be a problem, but I believe there are a few things that provide light at the end of the tunnel. I say to the minister that he is well positioned to deal with a lot of those issues. Obviously, the minister would be wrestling with some of the administrative issues and the enormous costs involved. Up to 30 per cent of the budgets of aged care centres are consumed through the administrative processes. We have to be a little bit careful that we do not try to make the processes and the criteria so tight that the money is all spent on watchdogs and administrators and we do not allow as much money to go into beds.

I have been to a lot of aged care centres. I have an aged mother who is 85 and living on her own at home at the moment. Most of the communities I have been into have better accommodation than most elderly people have lived in for most of their lives. I recognise that there may be some areas where that is not the case. I would suggest that, if that is not the case and people are being treated badly, the minister use his powers. But we have to be a little bit careful that we do not consume large portions of the budget allocated to aged care with the policing of every activity that goes on. Most of the people who work in aged care centres are very caring individuals and, in the main, are very good.

There are a few things that I think the minister should embrace. There are people in country areas who have very good ideas in terms of developing models that take into account smaller centres, the use of larger aged care facilities and satellite centres in smaller communities where they can get some of the cost advantages and efficiency advantages of becoming the centre for a number of other smaller centres. I know the minister has given some money to the Grace Muuro Centre in Bundarra, and there is currently a proposal before the government at the moment to finish off the last 15 or 20 per cent of the funding of that arrangement. The community has $800,000 now. That is an arrangement where a council area that already has an aged care facility is going to...
work in with the Bundarra community, 70 kilometres away. By working together they can gain the economies of scale that maintain viability, while giving the aged people in the community of Bundarra the opportunity to live and die in the community they love.

One of the possible models of aged care facilities is the MPS model—the multipurpose services model. Ian Sinclair, a former member for New England when Craig Knowles was the New South Wales Minister for Health, was instrumental in looking at the smaller communities and the provision of aged care and acute care facilities. There was one funded by the Commonwealth and one by the state. The issues include how you can drive that model in a community, gain community acceptance and gain the advantage of having both a hospital and an aged care facility co-located.

Some communities have quite aggressive attitudes to that sort of system for historical reasons and because of a fear of losing control of their own particular aged care facility. The communities of Walcha, Bingara, Bar- raba, Guyra and Warialda in the New England electorate are currently in the planning process for MPSs. In the main, we have to think those through a little bit further and look at the advantages that will accrue from those sorts of models. There is a range of models out there.

Too often this debate gets bogged down in what is happening in the cities. Most of the time in the country we have the vagaries of distance and smallness. I encourage the minister to look very closely at the administrative costs—I think you will get support in the community there—and at the formula of allocations so that where country people are concerned there is a degree of flexibility that will allow smaller communities to look after their aged as well as larger communities do. We do not want to push people into a feedlot mentality, where all the aged people go together and the lowest cost per unit can be obtained. If we end up with a society that looks like that, we will be judged in a fairly poor fashion.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! The discussion is now concluded.

TAXATION LAWS AMENDMENT (PERSONAL INCOME TAX REDUCTION) BILL 2003

Second Reading

Debate resumed

Mrs IRWIN (Fowler) (4.29 p.m.)—As I was saying, before question time today, in this debate on the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003, I do not think that even one Australian taxpayer will be thinking how much better off they will be with the extra $4 a week in their pocket. Most will already realise that additional costs imposed in this budget have eaten away the small sum before they get to spend it on some necessity. But a tax cut is a tax cut, and you have to say that it is better than a poke in the eye with a burnt stick, so Labor will be supporting this bill. But there are some questions that should be raised about the timing and the way in which the tax cuts are made. There are also some other issues relating to income tax that I will come to later.

Leaving aside the low-income tax offset measures, it should be noted that the actual rates of tax have not been cut—only the tax thresholds at which they apply. This may have been a simpler way of introducing the tax cut, but it is not the fairest way. But fairness never was a consideration with this government’s tax policies. To explain the unfairness of the tax cuts, we should first of all consider how they are applied. I note that the 17 per cent tax rate threshold is raised from $20,000 to $21,600; the 30 per cent tax
rate threshold is raised from $50,000 to $52,000; the 42 per cent tax rate threshold is raised from $60,000 to $62,500; and the highest tax rate of 47 per cent applies after that. You might say that is an appropriate way to deal with bracket creep—to adjust for wage inflation by lifting the tax thresholds for each bracket—but this leads to small but not insignificant differences within each bracket. We have five brackets in all, but only one of those brackets includes the great bulk of wage-earners and the median income. That is the 30 per cent tax rate, which at present applies from $20,000 to $50,000.

In the table shown in the Treasurer’s budget press release, if you look at the income level at which the low-income offset phases out—$27,475—it shows the reduction which comes from increasing the threshold amounts to $208 per year—which is, as we all know, $4 a week. But in percentage terms that represents a tax cut of 4.1 per cent. If you take the top end of that bracket, for someone earning $50,000 a year, the tax cut is still $208 a year or $4 a week—but that is a cut of only 1.7 per cent. If you look at the rate that will apply to someone on $55,000 a year, their tax cut will be $448, which is a cut of 3.1 per cent, or nearly twice that applying to someone on an income of $50,000.

With such a small tax cut, these differences do not amount to much but, when you consider that nearly two-thirds of wage-earners are in that 30 per cent bracket, those at the higher end could be considered to be relatively worse off. They will be paying a higher proportion of the income tax revenue collected than they have paid before. I raise this issue because there are some indications that we will see further tax cuts in coming years. The continuing effect of bracket creep will make this essential. My point is that we will need a comprehensive review of income tax tables rather than simply moving the thresholds, as this bill does.

I should also mention the effect of this method on higher income levels. I note from the same table that, for the $52,000 to $62,000 bracket, the tax cut is $448, which is more than twice the size of the cut for incomes below $50,000. For incomes above $62,000, the amount of the tax cut is $573, or more than 2½ times the cut for someone on average weekly earnings. As I said earlier, we really need to look at a complete overhaul of tax scales before we make any further tax cuts. And this should not be done as a sweetener in a budget announcement or just before an election. A review of tax scales deserves broader consideration. If our income tax collection is to be seen as fair, we need to give close attention to how we structure the tax scales. There are other measures, such as tax credits, that could be included in any review.

We cannot consider income tax measures on their own. For many Australians, income tax is something to avoid at all costs. We have a thriving industry of tax advisers who, for a price—a very high price—will assist high-income individuals to pay little, if any, income tax. We have seen dozens of schemes dreamed up with one purpose in mind: to assist individuals to minimise their tax obligations. These schemes link the range of business and other tax measures to achieve a lower tax rate. We can all remember the great fanfare of the Treasurer and his tax changes in 2000, under the banner of ‘a new tax system’. We can remember his claims that it was the most sweeping package of tax reform ever carried out by an Australian government. As we can see now, it was more a case of one step forward and two steps back.

The current Treasurer must have been asleep in 1985 when the Hawke-Keating government made the most significant tax changes Australia has ever seen. Before then,
particularly under the reign of the present Prime Minister when he was Treasurer, paying tax was optional for many high-income individuals. We all remember the bottom of the harbour rorts and the maze of schemes that allowed people to opt out of the tax system. The 1985 reforms brought a balance and neutrality to our tax system. While the Treasurer criticises Labor for blocking some of his so-called reforms, he conveniently forgets the opposition of the now government parties to the 1985 tax changes. Who can forget their groans and moans at the introduction of fringe benefits tax, their cries at the loss of their long free lunches and their screams at the introduction of capital gains tax? Those tax changes gave us a level playing field and shared the tax burden more fairly between pay-as-you-earn income tax payers and those who could rort the system.

Remember the term ‘roll-back’? In the Treasurer’s new tax system we saw those reforms rolled back; we saw capital gains tax rolled back to 25 per cent. We also saw the Treasurer roll over. Remember his plans to crack down on family trusts? The National Party got him, and he rolled over. So, instead of a tax system that is fair and neutral, we have a tax system that encourages artificial schemes to avoid paying tax and, through that tax system’s treatment of some forms of investment, our tax system and our whole economy have been corrupted.

One of the more obvious effects of this corruption is the impact of such measures as the changes to capital gains tax and the increasing popularity of negatively gearing investment in residential property. A matter of concern to many, including the head of the Reserve Bank, is the high level of investment in residential property. This year nearly half of all new housing loans are for residential investment property. While this may indicate a preference for this type of investment as a result of the slump in the share markets, it shows the impact of this government’s corruption of the tax system. Negative gearing of residential property is seen by many taxpayers as a way of maximising after-tax income. It does benefit the building industry, but this corruption of the tax system must be seen as having an impact on investment in other industries, in particular export industries. We may realise when it is too late that too much of our nation’s capital has been tied up in residential buildings and not enough has been invested in productive assets.

Our tax system must be neutral when it comes to making investment decisions and it should not be corrupted by what this government includes in its political agenda. As a number of members on this side of the House have pointed out, this is the highest taxing government in Australia’s history. Its failure to crack down on tax avoidance means that the tax burden is not shared fairly by all taxpayers. The high tax burden is carried by low- and middle-income earners—people who cannot obtain advantages to minimise their tax. These people deserve to benefit most from tax cuts but, compared with the benefits flowing from the range of offshore and local tax schemes, their $4 a week tax cut is pretty miserable.

For the great bulk of income earners on incomes between $30,000 and $50,000 a year, the people who carry the bulk of our high-income tax burden, this $4 a week tax cut is an insult. It is just a couple of $2 coins—small change in terms of what you can buy with that sum. I did a quick calculation to compare the value of $4 today with what it would have been worth, say, 50 or so years ago. Today’s $4 would have been worth about sixpence in the 1940s, when the great Labor leader Ben Chifley made his famous ‘light on the hill’ speech. He knew the value of sixpence when he said:

I try to think of the Labour movement, not as putting an extra sixpence into somebody’s pocket,
or making somebody Prime Minister or Premier, but as a movement bringing something better to the people, better standards of living, greater happiness to the mass of the people. We have a great objective—the light on the hill—which we aim to reach by working for the betterment of mankind not only here but anywhere we may give a helping hand.

Ben Chifley must have been a good judge of the Australian people because his belief has been shown to be in tune with the majority of Australian people today. They would rather go without the $4 a week if that money were to be spent on better health and education for their families. They know that the $4 will be quickly used up by Medicare copayments and in so many other ways as this government places a greater burden on ordinary Australians to provide services which were once provided by governments. That is the sting in this tax cut. This government’s agenda is all about transferring services from the public to the private sector. What we are seeing is a system of subsidies and rebates for private health and private education. Instead of using tax revenue to fix the public systems, this government wants us all to go private—p-r-i-v-a-t-e; private.

Some members here will remember the actions of the Fraser government—I remember—in scrapping Medibank, our first system of universal health insurance. But the Hawke Labor government was able to restore universal health insurance under Medicare. Rather than funding Medicare properly to maintain bulk-billing, this government expects us to make a copayment. With what it has left over, it gives a $4 tax cut. The idea is to prevent any future Labor government from restoring bulk-billing, by leaving the revenue cupboard empty. So we can expect tax cuts in most years in the future. Any surplus will be passed back in tax cuts. But the scope for government to play a role as a provider of services will be gradually reduced.

The question for that great bulk of taxpayers in the 30 per cent income bracket is: will they be better off? After they have paid for private health insurance, after they have paid private school fees and after they have paid more for higher education and a whole lot of other services, will they be better off? I think back to Ben Chifley and his thoughts on what Australians really want—an extra sixpence in their pockets or a better standard of living? The people in my electorate want and deserve a better standard of living.

Mr SIDEBOTTOM (Braddon) (4.47 p.m.)—I rise to speak on the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003, which implements the personal income tax cuts announced by the government in the 2003 budget on 13 May this year. The proposed changes have three parts. Firstly, according to the budgetary figures, the low-income tax offset will be increased from $150 to $235 a year, and the income threshold at which the tax offset begins to phase out will be increased from $20,700 to $21,600. Secondly, the personal income tax thresholds will be increased, and these are set out in the bill. Thirdly, the Medicare levy threshold that applies to taxpayers who are eligible for the senior Australians tax offset will be increased from $20,000 to $20,500.

I noted with interest the member for Fowler’s dissection of these tax cuts. Not being one for figures myself, I found it interesting to look at the table that accompanies the legislation in terms of the annual taxable income and the estimated annual reduction in tax liability. I noted with interest that two-thirds of wage-earners’ incomes lie within the range of $30,000 to $50,000 and that they can expect tax cuts in most years in the future. Any surplus will be passed back in tax cuts. But the scope for government to play a role as a provider of services will be gradually reduced.
berra, and the Parliamentary Secretary to the Minister for Finance and Administration at the table opposite—who is busy on the phone, looking at the numbers of course—are in, we will receive a reduction in tax liability within the vicinity of $573 a year, or over $10 a week, all in the name of what this Treasurer has called equity.

I wondered how people reacted to a tax return of $4 a week on average. I put out a little pamphlet in my electorate—a pamphlet which is relevant to this legislation, or I would not be brandishing it—headed ‘$4 is not enough’, because I think it is important to highlight what it is that many of these families will receive a week; that is, $4, or two $2 coins. I noted in this pamphlet that is going out to my good electorate—and I am happy to share it with all members in this House—that on 20 May the Age mentioned a Nielsen poll which was kind enough to whip out a questionnaire to the good punters of Australia and ask them what they thought of this generous tax cut which was given to us by this Treasurer, who is a little distracted at the moment. I do not wish to digress too much, but he was likened to a boy scout given a lesson in Malcolm Farr’s comment in the Daily Telegraph. I put on the record the question the poll asked:

Given the choice, would you prefer to keep the tax cut or have the money go to services like health and education?

Seventy-seven per cent said that they would prefer the money to go to services like health and education. They did not want the tax cut. That is what they thought of it. They thought that those moneys, which by the way are part of a squandered budget, should go to the very important areas of health and education—the very areas I am going to note for us later—which this budget set out to hit in order to reduce those services and make people pay more. The second question was slightly off this topic:

As part of the federal Budget, university students will pay higher fees. Do you support it or oppose it?

Seventy-two per cent said that they opposed it and 21 per cent said that they supported it. So I think the 20 May Nielsen poll quite clearly indicated what people thought of this so-called tax cut. But it is a tax cut, and the Australian people deserve a tax cut. Australian families and workers have worked hard to advance Australia’s economy, and they deserve a tax cut, no matter how miserly it is. That is why we on this side support it.

When I looked at that document of delivery, the budget, my first reaction was that it was a squanderer’s budget. We only have to look at the predicted surplus in this Treasurer’s budget four years ago, where he predicted that this budget, the 2003-04 budget, would be in surplus by $14.4 billion.

Mr Slipper—The world has changed.

Mr SIDEBOTTOM—Indeed, the world has changed. I want to thank the parliamentary secretary sitting at the table because I remember those opposite standing up with their prepared sheets—their prepared propaganda sheets—telling us, ‘The world’s changed that much since then that we’ve had to fight a war on terror, and we had to go in and fight Saddam Hussein and withdraw those weapons of mass destruction to overcome that clear and present danger—the worst danger the world’s ever faced. We had to fight this war.’ You are not going to tell me that that cost you $14.4 billion. Even I do not believe that, and nor can you, so do not give me that twat.

The DEPUTY SPEAKER (Mr Jenkins)—Order! The honourable member will refer his remarks through the chair and ignore the interjections. The parliamentary secretary will cease interjecting.

Mr SIDEBOTTOM—Indeed. You are certainly not a twat, Mr Deputy Speaker—
you are certainly not. As I was glad to point out, we have $12 billion less than we were promised four years ago. But what is a promise to this government? I think the average Australian—and, certainly, the average Australian family—would fall over dead if a promise was kept by this government. Of course, we have core, non-core, semi-core, apple core promises—all these types of promises. What do they mean? They do not mean anything. We get this hand on the heart, unctuous, hand-wringing approach from those opposite, saying, ‘How dare you suggest that we don’t keep our promises.’ What a load of baloney.

On the budget’s prediction of an average four per cent wage increase, a worker earning $40,000 today will, after 12 months, pay $480 more in tax on their income, yet will be rewarded with only a $208 tax cut. That is a fact. The figures will show that quite clearly. So this is not only a squanderer’s budget but also an Indian giver’s budget. It is no more and no less than an Indian giver’s budget. The government is returning much less in tax cuts than it has taken through bracket creep alone. The budget figures clearly indicate this. The budget figures could not lie on this matter, surely. The smallest tax cut—that is, $4 a week—goes to families earning $30,000 to $50,000 a year.

What do families have to look forward to from this budget and, particularly, the $4 per week dealt with by the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003? Let us see: they will pay more for a trip to the doctor and they will pay more to educate their children. These tax changes, as outlined in this bill, will still leave average families paying more than 60c in tax and reduced benefits for each additional dollar earned. That is what they will get from this Indian-giving budget. What does the budget offer to the majority of struggling families from where I come from—the north-west coast of Tasmania and the beautiful King Island—to cope with these increased costs and charges? Wait for it: a whopping $4 per week.

Mr Hatton—Don’t hold your breath!

Mr SIDEBOTTOM—No, I will not hold my breath. Australian families, as I have mentioned, have worked hard to make the economy strong and are repaid with increased costs, a squandered surplus and a miserly tax cut. Of course, not to be outdone—because this is an Indian giver’s budget—there are new, hidden taxes. What are some of these new, hidden taxes? We still have the Ansett tax. I think most Australians have forgotten what it is for, but the government keeps telling us that it has to do it because of due diligence legal requirements. Regardless, the money is pouring into the coffers. The government says, ‘What can we use this for? We’ll use it for consolidated revenue or whatever else, but we won’t use it in regional Australia to pay for the security infrastructure for regional airports. We won’t do that. We can’t do that. They are second-class citizens in regional Australia, so we can’t do that. It’s the responsibility of local governments. It’s the responsibility of state governments. Dearie me! It must be the responsibility of local operators or the airlines.’ Pigs! Use these moneys properly.

The budget is proposing an increased excise on petrol and diesel. Do you need to fill up again? Fill up and pay up! There is a proposed new excise on LPG. This whole thing is full of gas. It is good old Indian giver’s stuff. The government’s anti-family policies—because that is what they are—related to Medicare, education and family tax benefits will far outweigh this miserly tax cut. Those with far greater knowledge of budgets and economics will prove that—but Australian families have to live it. A $4 a week tax cut will be swallowed up over a year by just five visits to a doctor who does not bulk-bill.
What about the cost of living increases introduced by this Indian giving government? As I mentioned, they have been swallowed up by five visits to the doctor. Likewise, there are the increased costs in pharmaceuticals. Likewise, there is the reduction in family tax benefits because of this insidious mechanism of clawback. And, of course, there are the expected increases in HECS and the increased debt related to educational loans. Indeed, these families will face up to $32 a week in increased HECS debt and up to $125 a week in educational loan repayments. It is not a budget where people are saying, ‘Well, you know, it gives us so much.’ It does not. It takes much and gives little in return. These are the same families and workers who will get $4 a week but who will not be eligible for health care concession for bulk-billing and will be required to pay more for a visit to the doctor. Families who earn between $30,000 and $50,000 will receive only $4 per week to pay for these extra costs.

The squeeze on families—and that is what it is—will have two effects. First and foremost, it will increase families’ costs far beyond any benefit from the tax cuts themselves. It will shift the cost of services onto families and away from this ever rapacious taxing government—this Indian giving government. Secondly, it will make our society less fair as it continues to impose what I might describe as a pay-as-you-go, user-pays system based on this ideological hoax of providing so-called choice and market force delivery.

The long overdue but wimpish tax cut in this budget will do nothing to take away this most recently overlooked Treasurer’s record as the highest taxing Treasurer in Australian history. On the government’s own figures, tax revenue will surge from $127.9 billion in 2002-03 to $134.2 billion in 2003-04. The tax cut of $10.7 billion over four years will be easily offset by these massive surges in tax revenue. But it does not stop there. A bit of digging around some of our newspapers tells us what many commentators and observers think of this government’s rapacious revenue grabbing policies.

Mr Hatton—That’s a strong word.

Mr SIDEBOTTOM—It is not too strong. The government is very rapacious. Perhaps the word is not strong enough. The Mercury reckons that the Aussie tax rate is too high. ‘Everyone pays for tax flaws,’ said the Australian Financial Review. ‘Tax trap strips $37 million in family payments’—also from the Australian Financial Review. ‘What Costello won’t tell you about your tax: more
people are paying the top rate.’ ‘$3 billion levies fill Howard’s tax gap,’ says the Adelaide Sunday Mail. ‘A tax by any other name,’ says the Sunday Times.

That brings me to that tax by any other name. When you have a look at these taxes by any other name, you find that something like $3.3 billion has been collected under the name of ‘the levy’. It makes for very interesting reading, particularly when we discuss these levies—and they do not include ongoing levies such as industrial research levies, the Medicare levy, cost recovery charges and the superannuation guarantee levy, which this government wants to see support higher income earners but not lower income earners and which this side wants to make equitable for all earners, all superannuants. What are some of these levies? An aircraft noise levy, a firearms buyback levy, a stevedore levy, a dairy industry adjustment levy, the Ansett levy and the sugar industry levy—$3.3 billion worth of hidden taxes on top of the budget’s hidden taxes.

Australian workers need $4 a week, but they need a hell of a lot more. This is an Indian giver’s budget and is totally insufficient. Four dollars is not enough, and will never be enough, to offset this government’s policies in terms of destroying Medicare and increasing the cost of education to all individuals and to all families. It is a debtor’s budget, not a giver’s budget.

Mr HATTON (Blaxland) (5.07 p.m.)—I enjoyed the member for Braddon’s speech. I thought he made a number of substantial points. This is an Indian giver’s budget. It is a squanderer’s budget. It is certainly a budget for people who love levies, and I would like a copy of the list of levies that the member for Braddon had so I can include it in my speech as well and reiterate some of the points he made. It is also a tinkerer’s budget. It is a tinkerer’s budget because these are changes at the margin. Feel the weight of this piece of legislation—this little bit of frippery we have here. Four dollars a week is the average cut that people will get, but we are told in this bill and we are told in the second reading speech that that $4 a week is constructed so that it will have the significant important effect that people on about $10,000—I see here in the second reading speech, no doubt by the parliamentary secretary—will get a tax cut of 16 per cent. Some taxpayers in the $20,000 to $27,475 bracket will get about 10.7 per cent. They say that if you are on $85,000, you will get a two per cent reduction in your tax, and so ‘this is a much higher percentage reduction in tax than that provided to higher income earners’.

I will be a bit astonished if this is actually true in terms of its impact—that this government had actually designed a set of tax cuts that were meant to impact in such a way that people on the lowest incomes got the best deal out of this. To take them on face value in regard to this, if you are on $10,000, you get a 16 per cent cut and if you are on $85,000, you get only a measly two per cent cut. If you step back a bit, have a look at it and think of the implications, what is the real score? You ask the question: who gets the most money in terms of money in their pocket as a result of this tax cut? Is it the person on $10,000 or the person on $85,000-plus? I am sure that even a relatively innumerate Treasurer and a relatively innumerate government frontbench might be able to work their way through this bit of flummery to see that, if you are earning $85,000-plus, that two per cent reduction actually ends up meaning a lot more money in your pocket. I think it is in the order of $11 or more versus an average of $4 for people on average earnings.

If you want to know how grateful those people on an income of $10,000 are for a 16 per cent tax cut from this government—the
government is arguing that it is proportionally much higher—just ask them whether they would in fact like to change places with the people on $85,000-plus and get that direct cash benefit where the percentage might be smaller but the outcome is considerably greater. The reality of this 1984-like doublespeaking government—this newspeak government we have had since 1996—is that if you invert what they are saying, you get close to what the fundamental realities are. This is not about a budget measure and a set of tax measures distributing more to those who have less. This ain’t a Robin Hood government. Nowhere could you ever believe that in anything they have done. They do not take from the rich and give to the poor—that is what they are trying to tell us here. Invert it and see what the real impact of this is. This is not targeting those people who are poorest and most needy; it is in fact a graduated tax cut giving most to those people at the top. In straight dollar terms that is the direct outcome. Playing with the percentages and the figures will take us away from the fact that people on average earnings are doing worse out of this than people who are on higher incomes.

The second thing we need to note in relation to this is how much it is really tinkering at the margins. Let us have a look at the way in which this was done. It is the strangest budget I have ever seen produced. Maybe it was meant to be the ultimate budget that this Treasurer brought down—the budget that in fact most revealed his innate personality but was most dealing at the margins, just tinkering with what is there and not really making any fundamental changes but just trying to keep things as they are and put the government back on a bit of an even keel. The member for Braddon was very generous with the government in arguing that they only spent $14.5 billion buying their way into the last election. Actually, I do not think he made that last point, but that is what I think he meant. It is in fact $20,000 million dollars that this government paid out in six months to buy their way back into the various interest groups in this country to lay the basis upon which they could launch themselves into re-election after what they did in relation to Tampa.

You can see the effects of that in this budget and in the tax measures we have before us. Those measures are minor, they are tinkering and they are very marginal. Look at how much they have actually done and how they have changed the rates. You have to remember that bracket creep year after year inexorably has its effect. We know that—we were in government. But we were actually substantial in terms of what we gave back to the Australian people and deliberately targeted those people who were worst off, particularly with the 1984 tax cuts. We were criticised by the then opposition for other targeted tax cuts we gave that there was not as much as there should have been for people on lower incomes, but the effect of our tax cuts for people on lower incomes was much greater than the effects of this government’s tax cuts. Let us look at what they have done. The old bracket was $6,000 up to $20,000. All they have done is move from $20,000 to $21,600 the level at which you start imposing more than 17c in the dollar. There has not been very much added in terms of dealing with the problem of these margins needing to be radically altered. If you look at the next bracket, the top of the 30c bracket has gone up by $2,000, from $50,000 to $52,000. If you then look at the next rate, which is the 42c rate, it now cuts out at $62,500, so that goes up $2,500. Above that you have the 47c rate.

In the past, the Treasurer and the Prime Minister have laid out to people that major changes would be made to the upper rate—the 47c in the dollar rate—and that people
could expect those major changes in the very near term. The reality of course is that the government have backed off from that. Why? Look at the measures they have put in place over the last couple of years: the so-called Pacific solution—a Pacific joke rather than solution—which has cost an enormous amount of money to the Commonwealth budgets; and a series of measures put in place for the government to buy its way into winning the last election—$20 billion. There has been no capacity, after trying to put up a surplus in this budget, to do much at all. The government have been driven to giving these tax cuts because of the pressure the Labor Party has put on them in terms of underlining the problem that exists—that there has been no disbursal back to the Australian people, as more and more people, through the effect of bracket creep, go into those higher brackets.

As the member for Braddon said, this is a squanderer’s budget. It is also an Indian giver’s budget because of the measly bit that the government are giving and the costs and charges they are putting on at the other end. For example, there is the increased cost of access to Medicare; the cost for those undertaking higher education and, in particular, the two per cent where they want to charge the full rate—$100,000 in some cases or $150,000, as we know, for some degrees—and the increased impact that would have on families who take that up; and the impact of the increased amount, which is cumulative, that people would have to pay in HECS.

If the government get its measures through—which we are trying to stop—of increasing the cost of prescription drugs, it will, over a range of different costs, impose far more than this budget gives back. This is a mean, meagre, modest set of measures. Three Ms—they are all true: mean, meagre and modest. In reacting to this budget, people have quite reasonably said, ‘Why give us this small amount? Why not put it into government programs and services?’—those programs and services that this federal government does not want to provide, that it has been trying to walk away from for years. We know that it is not in this government’s interest to go out and do positive things; it is about cutting back programs, and it has since 1996 in as savage a manner as it possibly could.

The member for Braddon quite rightly pointed to one of the other key factors: if you look at the total amount of funds in the first year, 2003-04, you see that the amount given back to taxpayers is in the order of $2.4 billion this financial year as a result of these measures. If you look at the out years—going out another three or fours years from that—the total amount of money to be given back is $10.7 billion. As we have pointed out consistently, it is extraordinarily minor—$10.7 million—but what is the amount of the levies that this government is imposing? The answer is $3.3 billion. There is a wonderful symmetry to this: the Liberal government in New South Wales introduced a three-by-three petrol levy—3c a litre for three years. They imposed that when Nick Greiner was Premier of New South Wales. Believe it or not, it is still there. It has remained through Liberal governments and then through Labor governments. Once a levy is imposed it can suit a government not to take it off.

The member for Braddon pointed out that the Ansett airport levy has not been closed off. It should have been closed by now. More than $200 million has come into the government’s coffers in the time that it has been operating, but that levy has not been stopped. What other levies do we have? I am very pleased that the member for Braddon has provided me with these figures so I could include them. There is the airport noise levy of 1995-96—that goes back a fair way now; when this government was coming into power—to fund noise amelioration meas-
ures. That levy was put in place before they entered the joint. The levy was particularly for Sydney and it has been maintained fully. A levy was introduced at Adelaide Airport in 2000-01 and about $395 million has been expended.

There is a firearms buyback levy for rifles and semiautomatics and a new levy for handguns. There is a stevedoring levy from the 1998-99 budget to cover entitlements for redundant employees. What is the payout on that? About $178 million. There is the dairy adjustment levy. We know about the 11c a litre that has been agreed to. Over a period of eight years, $1.74 billion has been paid out to dairy farmers to leave the land and to rationalise dairying throughout Australia, in a plan which does not have the proper associated measures put in place to make sure that the structural adjustments happen in the most effective and efficient way to help areas of regional Australia where the impact is greatest.

All of these are levies or charges which are incorporated into moneys the government take in but they are not written down when they come to what the level of taxing is. This is one of the things that the government have attempted to hide. The Ansett levy raised $123 million by 10 September 2002. A sugar industry levy of 3c a kilogram was imposed in September 2002 for four years to help the sugar industry out—total package, $150 million. The conclusion: levies stand to raise more than $3 billion. So here is another version of ‘three-by-three’—$3.3 billion in levies. We do not see any of these levies disappearing. This has become a central core means by which the government raises moneys. When I argued yesterday that the Timor levy was just another levy, I was corrected by the member for Kooyong, who pointed out to me that, although the government had intended to put on a Timor levy, they then chose to take it off. I had forgotten that, so I extend my apologies. I stand to be corrected and I will be corrected on that. But you cannot naysay more than $3 billion worth of levies that have been imposed and continue to be imposed.

Mr Deputy Speaker, I want to deal with the matter of a lie. You may blanch at my using the word ‘lie’ in regard to some measures before this House, but I want to give the lie to the allegation made in this parliament by the Treasurer repeatedly since 1996 that Labor in government brought in a set of tax measures that were, as he said, lies. These were the l-a-w tax cuts, as he propounded them in this place very recently. Giving the lie in regard to that allegation is very simple. I was working for the then Prime Minister at the time, and the first tranche of tax cuts were in fact given nine months early. The first part of those tax cuts were brought forward, and they had a greater effect because they were given early. It was announced at the time they were brought forward that the second tranche of tax cuts would be given later than was originally promised because the budget at that stage could not afford it. The compensation for that was the early payment of the first tranche of the tax cuts. The second part of the tax cuts, the second tranche, was delayed, but the cuts were converted into superannuation rather than being given as direct tax cuts.

This Treasurer, when he came to power, cancelled those superannuation measures, the second tranche of Labor’s tax cuts. He said, ‘These things were written into l-a-w but the former government lied about this because they never really intended to give these tax cuts and they never did.’ The transmutation of the second tranche of those tax cuts, which were changed into super for Australian workers and were completely above board when we put this forward, were denied to the Australian people only because this Treasurer chose to cancel them. He has cam-
gaigned ever since on the basis of saying, ‘Even though they had been legislated, Labor never intended to deliver them.’ We know that as a direct result of that there has been a capping of the amount of super that Australians get if they are not in any other scheme. People will get a nine per cent maximum in super rather than 12 per cent—or the way we intended to go, with 15 per cent of people’s wages being put into super. That will have a dramatic effect over time on the capacity of people to provide for their retirement.

Our counter proposal in the budget reply was that, as meagre and modest as these tax cuts were, we accepted that they were given and we would not choose to vote against them. But we pointed out that a more effective way of doing things would be to cut the tax on superannuation from 15 per cent to 13 per cent and to do that for all Australians rather than to deal with the surcharge in the way this government chooses to. So what we have here, in one of the flimsiest of pieces of legislation, is a meagre and modest set of tax cuts—$2.4 billion in the first year, totalling $10.7 billion through to the finalisation of the cuts. These tax cuts are the barest minimum.

We also have a situation where the government has argued that the tax cuts are directed towards the people who have the least, but we argue that they are directed to those who have the most. The money, in a substantial way, is being directed towards the pockets of those who earn the most. This government is not about giving good or true value to the Australian people. It is absolutely right in this context to give the lie to what the Treasurer argued about the l-a-w tax cuts because we would have delivered those tax cuts, transmuted into super, if we had been re-elected in 1996. I commend the fact that this bill will go through, and we are not voting against it, but more should be done to help the Australian people.

Mr ANDREN (Calare) (5.27 p.m.)—During this debate I heard one opposition member, and no doubt there were others, describing this government as the highest taxing government in Australian history. The flip side of that is presumably that the next Labor government hopes to be the lowest taxing government in Australian history. There have been some very interesting shifts in the taxation debate in recent months, and with all due modesty I suggest that debate is catching up with a position that not only I have held for many years but also is held by the majority of Australians.

The latest contributor to the debate is Michael Costello, a former head of the Prime Minister’s department in the former Labor government. Costello told interviewer Ian Henderson last Friday:

The Labor Party should shut up about high taxing governments because taxation can’t be divorced from expenditure needs that are likely to rise in the future.

This statement has been looked upon as some kind of revolutionary manifesto, completely at odds with the ‘small government, small taxation’ doctrine of the last 20 years across most Western economies. Michael Costello pinpoints two reasons why governments will need more, not less, tax collections in the years ahead—the rapidly ageing population and the widening gap between the haves and have-nots. He says inequality is likely to grow unless governments intervene. I thought that would have appealed to a Labor government. What a revelation; how extraordinary. Has it really taken all that time for one of our leading economists, and a former architect of the Labor government’s market dominated economic thinking, to come to a realisation that unless there is a social dividend in the equation then we certainly have an economy but no society at all?
Costello said in that interview that we cannot just rely on the market and changes that are occurring in technology; that government intervention is essential. Costello said more needs to be spent by the government on training to increase the number of jobs at the top range of skills if they are to moderate the rising inequality. Hear, hear! And what does this government do in the budget? It increases the user-pay costs while injecting funds returnable by user tax in the university sector, but provides nothing of any consequence for the TAFE sector, which trains the vast majority of our young people.

We are debating the personal income tax reduction announced with such fanfare by the Treasurer on budget night. That fanfare has been greeted in the electorate with a huge collective raspberry blown back at Canberra. The $4 tax break for families earning $35,000 would deliver $208 a year. In the same budget, the so-called Medicare rescue package was detailed. For this $35,000 family, the $208 would be eaten up by eight visits by mum, dad and two kids to the doctor in that year. Why? Because that family no longer will be able to access bulk-billing and, with the government’s own Productivity Commission reckoning $50 a fair and reasonable consultation fee for a GP, there is no reason why that family will not be paying at least $25 up front for every consultation. And the trade-off? They will not have to walk down to Medicare any longer to claim their rebate. Big deal.

While it is all very well that self-funded retirees in a position to utilise a superannuation income stream—such as an allocated pension—will be able to boost their capacity to earn tax-free income by between three and four per cent, there is also a need for more aged care places now and, increasingly, once those same people are in need of care. There is a clamour for aged care places, community care packages and dementia services, quite apart from more hospital services. There are 164 aged care places ascertained by the aged care assessment teams in Bathurst, Orange and Cowra alone, yet we are told the region is over serviced with aged care places under the Commonwealth’s current formula. How do we fund these places if we do not raise the necessary resources? You can only stretch the user-pay thing so far when it comes to basic social needs. I would suggest that dementia is one that certainly fits that category.

The Leader of the Opposition, in his speech on the budget, said Australians have earned the tax cuts. The Democrats said the tax cuts should be fairer. My Green colleague, the member for Cunningham, said the $21/2 billion would be better invested in welfare, aged care, Medicare, job creation or higher education. I have to agree and, if most Australians stopped to think about it, they would too. But the Australians I represent have several major provisos. They say that they would be quite happy to see an increase in taxation if they saw how it was spent and knew it was being used for the good of those most in need. I have not met one constituent who does not support a modest increase in the Medicare levy to properly support and sustain Medicare. They know their doctor is not ripping them off. They know he is worth a lot more than the current scheduled fee for a consultation. They seem to think it should be around the $33 mark. They know that, if that fee were paid, the majority of doctors would be happy to continue bulk-billing. They know that, in many cases, doctors will continue to use their discretion in bulk-billing, whether or not they have signed up to the government’s arrangement or the patient has a concession card—for example, for people such as drought-affected farmers or university students. The Medicare levy is directed to health needs and people can see where it is spent.
It is interesting to note Michael Costello, in a radio interview last week, said that we need a closer connection between taxation and how the money is spent. Again I hear the electorate saying, ‘Hear, hear. Why has it taken so long to realise that?’ Costello says people are quite willing to pay taxes where the revenue is hypothecated. He went on to say:

For example, for roads, petrol tax levy... which is hypothecated for roads, people are apparently prepared to pay for that.

That theory was proved in the case of the three-by-three road funding levy—which was alluded to by the previous speaker—introduced by the Greiner government a decade or more ago. I think a similar one-by-10 year tax for local roads is essential and would receive similar support. Oberon and Evans councils in my electorate, along with other councils, have been asking for years why should not more of the tax gathered by state and federal government on fuel be returned to the local roads that councils maintain for the benefit of not only their ratepayers but also the companies whose massive trucks cart timber, coal, wheat and other produce for the benefit of private shareholders and, indeed, the whole economy?

Another proviso from those in my electorate who say that they are willing to pay more tax is that it is a fair tax system. I am asked why we give tax breaks to international companies and lower company tax while, at the same time, halving capital gains tax. They see a huge and unfair advantage for those who can convert income to capital and pay a tax rate less than that paid by those on $21,600 in the PAYE system. They see the tiny amount of tax paid by some of our richest people. They hear Kerry Packer ask why anyone in their right mind would pay tax—or something to that effect. They do not believe the rhetoric about international competitiveness and world’s best practice delivering them jobs, money and income in spades. They know they are caught in the spotlight, like a rabbit, when it comes to the GST. But those with means can avoid tax with virtual impunity.

Former tax commissioner Trevor Boucher said during the GST debate that something like $20 billion is available for collection in the tax avoidance area of this economy. There have only been ‘mean and meagre’—to use the member for Blaxland’s words—attempts to begin to give the impression of reining in this avoidance of tax. Yet, even aware of all this, the fair-go, middle and lower income Australian is still willing to pay more tax if he can see the benefits through improved services. It is more than interesting to note that in Michael Pusey’s splendid new book *The experience of middle Australia*—a study of 400 middle-income Australians—he says:

... even when our respondents are told that increased public spending might involve tax increases, they come out in favour of more active and more ample public provision ... over three quarters of our respondents want governments to spend more on education and health...

To which I add again that most of my constituents say an increase in the Medicare levy is not only necessary but also desirable. In the same way, a hypothecated environment levy has wide support in the Australian community and was sensibly recommended by a committee of this parliament. The average Aussie is prepared to pay more for the real benefit of all. That egalitarianism has not been squashed out of these people, according to Pusey—and my observations, indeed—despite the best endeavours of the eco rats and the disciples of Thatcher’s ‘pure individualism, no society’ mantra. Another noted economist, Fred Argy, says:

Government outlays on public services such as education, health, housing, urban transport and
labour market programs have become less of an equalising force since the mid-90s.

The average Joe knows he is being ripped off and he is not receiving the social dividend, yet still has not adopted the ‘greed not need’ mentality of the pure market, small government adherents. The Treasurer said recently that he had never, ever come across anybody in 13 years of public life who believed they should pay more tax. I suggest that says more about the people the would-be Prime Minister mixes with than it does about the willingness of ordinary Australians to contribute more for an improved social dividend that would improve their and their kids’ health, education and employment opportunities—and, indeed, the environment.

If the Labor Party is serious about improving aged care services, as it claimed in today’s matter of public importance, then it is going to take more taxes, not less. Remember, it was the report of Professor Bob Gregory for the former Labor government that showed up the huge funding shortfall in aged care back in 1994, I think it was. While we may not have arrived at ‘dignity and comfort for all in aged care’, as was promised in 1996, it is a far better scenario than it was in 1994.

It is going to take more tax, a reallocation of tax and a reprioritising of any tax cuts to deliver the services taxpayers expect. It is going to take a government or opposition with vision, rather than cynical short-term electoral ambition and bribes, to look at a truly progressive tax system that delivers adequate services like aged care. The public, apart from the selfish few, are ready to pay a greater share.

The ACNeilsen poll immediately after the 13 May budget found that 77 per cent of people would rather have the money devoted to these tax cuts directed to increased spending on health and education. That is from a public who, by and large, feel cheated by and angry about the regressive nature of the goods and services tax and who are more and more trying to make ends meet by cobbling together one, two or three part-time or casual jobs.

The Treasurer says he intends to forge on with the government’s new strategy of regularly putting money back into the pockets of workers in the form of small tax cuts. This might stimulate a burst of consumer spending and help pay a fraction of the credit card debt, but it will do nothing to halt the steady decline in our social infrastructure and the impending crisis of our aged care scenario. The Treasurer seized on an OECD report a few days ago that said something along lines that Australia had the sixth lowest tax collection as a proportion of GDP. I really wonder if that is something we can be proud of. It would certainly make the ‘greed not need’ advocates happy, but it also suggests why we are heading so strongly down a user-pay path in this country—and this is at the very time that people have so little security in their job and have only the expectation of part-time and casual work, and where they are treated like units of cost rather than valued, long-term employees. I really wonder whether this is, in fact, in contradiction of the instincts of most Australians who, despite those circumstances, want and expect that social dividend and are prepared to pay for it despite the inequities in the existing tax system.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (5.41 p.m.)—As one would expect, this has been a fulsome debate. Members on both sides of the House have participated with enthusiasm, and I do want to take this opportunity on behalf of the government to thank all those members who contributed. Because the opposition is clearly supporting this important budget measure on the part of the government, I want to thank
all honourable members for their backing of this measure, including those people who are on the opposition benches.

The measures contained in the Taxation Laws Amendment (Personal Income Tax Reduction) Bill 2003 will cut personal income tax for nine million Australians. The tax reductions will amount to $2.4 billion in 2003-04 and total $10.7 billion over the next four years. These changes will mean that Australian taxpayers can keep a higher proportion of the earnings they receive after tax, providing improved incentives to pursue work, advancement and higher skills. The tax cuts provide a responsible balance between the government’s key goals. The government is meeting the higher costs of defence and security and is financing other priority programs such as education and health; the budget remains in surplus, allowing for debt levels to be further reduced; and, after providing for its legitimate spending proposals, this government is able to return the benefits of good economic management and growth as tax cuts for all Australian taxpayers.

From 1 July this year the low-income tax offset will be increased from $150 to $235 for low-income taxpayers. The phase-out threshold for the low-income tax offset will also be increased from 1 July this year to $21,600. As a result, the low-income tax offset will be available to more taxpayers. The maximum amount of the low-income tax offset of $235 will be available to taxpayers on incomes up to $21,600, with some tax offset able to be claimed by taxpayers with annual incomes of up to $27,475. Taxpayers will also be able to have an annual income of up to $7,382 without paying tax, up from the current $6,882.

For other taxpayers, from 1 July this year, the income tax thresholds will be lifted. The upper income limit for the 17 per cent rate will be raised from $20,000 to $21,600; the upper income limit for the 30 per cent rate will be raised from $50,000 to $52,000; and the upper income limit for the 42 per cent rate will be raised from $60,000 to $62,500. By providing tax cuts through changes to the thresholds and through a more generous low-income tax offset, the largest proportional reductions in income tax are provided to low-income earners. A taxpayer with an annual income of $10,000 will pay 16 per cent less tax. Some taxpayers with annual incomes between $20,000 and $27,475 will have their tax cut by $329 a year, or 10.7 per cent. This is a much higher percentage reduction in tax than that provided to higher income earners. For example, those with annual incomes of $85,000 will get a two per cent reduction in their tax.

Members of the opposition have seen fit to criticise the levels of tax cuts. There is no doubt that it would be better to have as high a tax cut as possible—everyone would like that—but the government had to be responsible. We brought in a surplus, and we were also able to deliver tax cuts as a dividend on sound economic management.

Mr Fitzgibbon interjecting—

Mr SLIPPER—It would have been irresponsible—and my friend ought not to interject, Madam Deputy Speaker—

The DEPUTY SPEAKER (Ms Gambaro)—The member for Hunter! The parliamentary secretary has the call.

Mr SLIPPER—to bring in higher tax cuts in the current environment. The increase in the low-income tax offset will mean that recipients of the senior Australians tax offset will be able to earn up to an additional $500 annual income before they have an income tax liability. This means that these senior Australians will pay no tax on annual incomes of up to $20,500—up from $20,000—and on annual incomes of up to $33,612 for couples—up from $32,612. This bill in-
creases the Medicare levy thresholds for senior Australians to ensure that they do not pay the Medicare levy until they begin to incur an income tax liability.

The honourable member for Fraser commented that these tax cuts are the smallest tax cuts in history. That is simply not a fact. As the Treasurer indicated in question time, in the situation of the l-a-w tranche 2 tax cuts, which were legislated for by the Keating government and then reneged upon, no tax cuts at all were given. The government has delivered tax cuts for every taxpayer. Admittedly, they are modest but, at a cost of $2.4 billion in 2003-04, they are responsible. They have been delivered alongside a budget surplus of $2.2 billion and further reductions in government net debt, as well as meeting the higher costs of defence and security and funding priority areas such as health and education.

The member for Fraser also commented, or claimed, that this is the highest taxing government. These personal income tax cuts reduce the tax burden on individuals by around 0.3 percentage points of GDP. The tax burden on individuals has decreased under this government from 12.7 per cent of GDP in 1996-97 to an estimated 11.9 per cent of GDP in 2003-04. The Commonwealth’s overall tax share has decreased under this government. Commonwealth general government sector taxation receipts, or cash, as a proportion of GDP have declined from 23.7 per cent of GDP in 1996-97 to an estimated 20.7 per cent of GDP in 2003-04. This compares favourably with the record 24.6 per cent tax to GDP ratio in 1986-87.

It also ought to be recognised that all GST revenue is being returned to the states. From 1 July this year, Queensland and the Northern Territory, Western Australia, Tasmania and the Australian Capital Territory will be better off than they would have been had tax reform not been implemented. This means that, just three years after the introduction of A New Tax System on 1 July 2000, the shares of GST revenue for these states will exceed what they would have received had tax reform not been implemented. Members opposite ought to remember that the GST is a tax which is being paid totally to the states.

The member for Corio commented that the tax cuts do not return bracket creep. These tax cuts, together with the tax cuts provided in A New Tax System, more than compensate for bracket creep since the government came to office. A person on average weekly earnings will now pay around $500 less per year in income tax than they would have paid if the 1996 scales had been indexed to the CPI. The government is committed to sound economic policies to underpin future growth in disposable incomes and low inflation.

The member for Corio also said that the tax cuts give more to the well off. As I have already indicated, the tax cuts provide greater proportional reductions for those on lower incomes. A taxpayer with an annual income of $10,000 will have an annual reduction in tax liability of 16 per cent. Taxpayers with incomes between $20,000 and $27,475 will benefit from both the increase in the 30 per cent income tax threshold and changes to the low-income tax offset. There are an estimated 1.4 million taxpayers in this income range, of whom around 70 per cent are wage and salary earners. For example, a taxpayer with an annual income of $21,600 will have an annual reduction in tax liability of 10.7 per cent—certainly a laudable result.

The member for Lilley commented that taxpayers in this range only benefit more
than those on higher incomes because of the low-income tax offset. The low-income tax offset is an integral part of the government's package to reduce personal income tax and is providing targeted assistance to low-income earners. The member for Lilley was also concerned by the high effective marginal tax rates allegedly facing families. Research by the National Centre for Social and Economic Modelling has demonstrated that excessive effective marginal tax rates, EMTRs, are rare, with only one per cent of the population facing excessive marginal tax rates in excess of 80 per cent.

The government recognises the importance of reducing EMTRs. The number of families with EMTRs in excess of 80 per cent has decreased significantly since 1997. The government has taken significant steps to improve the interaction of the tax and social security systems through reductions in personal income tax rates and better work incentives. A deliberate design feature of the new tax system introduced by the government and reinforced by the tax cuts that are provided for in this bill is to allow lower- and middle-income earners to keep more of what they earn. This has been achieved by the government providing the largest tax cuts ever as part of the new tax system, added to by the tax cuts announced in the 2003-04 budget.

As part of its tax reform, the government also extended the income limit for maximum family tax benefit part A and reduced the family tax benefit taper rate from 50 per cent to 30 per cent. The increase in the income limit for maximum FTB A reduced the overlap between the income tests for FTB A and other pensions and allowances. The family package introduced as part of the new tax system increased assistance to families by around $2 billion a year. The member for Lilley said that families would be receiving less help this year through family tax benefit. The enhancements that the government made to family benefits as part of A New Tax System have continued to benefit families. In fact, owing to indexation, families are receiving higher benefits than they did when the family tax benefit changes were first introduced. As the Minister for Family and Community Services announced yesterday, an average family with two children will receive an increase of $231.75 a year. This is in addition to the tax cuts this family will receive as a result of the changes in the bill before the House.

The government introduced additional assistance for families in 2002 through the baby bonus, a commitment the coalition took to the last election and has delivered on in full. The member for Fraser said that the opposition would abolish the baby bonus. That would amount to a tax slug for thousands of Australian families. The member for Shortland said that the tax cuts provided no benefits for pensioners. Senior Australians receiving a full pension pay no tax. These tax cuts will assist other senior Australians by increasing to $20,500 the amount of income they can earn without paying tax or the Medicare levy. The tax cuts contained in this bill will assist nine million taxpayers through targeted benefits for those on lower incomes. These tax cuts are being delivered in the context of a responsible budget that meets key priorities and provides for Australia’s future.

The member for Fowler claimed that we need a comprehensive review of the tax scales. The government has provided a tax cut now in order to return the benefits of good economic management and growth to taxpayers, and it has undertaken comprehensive reviews of A New Tax System, business tax and, most recently, international tax. I note that parts of the tax cuts brought in by the government as part of the new tax system
were not supported by the opposition and so could not be fully implemented.

The member for Braddon claimed that the budget shows that average earnings will increase in the next 12 months, so taxpayers on average earnings will be paying more tax. The government is committed to sound economic policies to underpin future growth in real disposable income. As an individual’s income rises through increases in real disposable income—that is, increases over and above inflation—they pay more tax because there is a progressive tax system.

The member for Braddon also claimed that newspaper polls suggest that people would prefer more spending on health and education to tax cuts. I am very pleased to point out to the member for Braddon, who is not currently in the chamber, that the government has been able to deliver tax cuts while spending on priority programs such as health and education and meeting the needs of Australia’s defence and security. This is all being delivered at the same time as a budget surplus. It is a truly impressive record that the government is particularly proud of. As I said at the outset, this bill is supported by all honourable members. I am pleased to be able to commend it to the House.

Question agreed to.

Bill read a second time.

Third Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (5.56 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

HEALTH LEGISLATION AMENDMENT (MEDICARE AND PRIVATE HEALTH INSURANCE) BILL 2003

Second Reading

Debate resumed from 28 May, on motion by Ms Worth:

That this bill be now read a second time.

Mr STEPHEN SMITH (Perth) (5.57 p.m.)—When John Howard was elected in 1996 his slogan was ‘For all of us’. We now know that, under John Howard, Medicare is just for some of us. Labor oppose the government’s Health Legislation Amendment (Medicare and Private Health Insurance) Bill 2003. We will oppose it tooth and nail here and in the Senate. Labor in government will rescue Medicare and restore bulk-billing to respectable levels for Australian families. That sentiment is reflected in the amendment which I will formally move at the conclusion of my remarks. The amendment calls on the House to reject the bill and the government’s so-called A Fairer Medicare package because, first, it will create a two-tiered user pays health system under which Australian families will pay more for a visit to the doctor; second, it would lead in time to Medicare becoming a second-class safety net in which bulk-billing is available only for pensioners and concession cardholders; and, thirdly, it will make it easier for those doctors who currently bulk-bill Australian families to start charging them copayments for the first time and those doctors who are currently private billing to increase their fees.

The amendment commends Labor’s plan to save Medicare and restore bulk-billing for Australian families. I give notice that Labor senators will move that this bill be referred to the Senate Select Committee on Medicare.

Medicare is one of Australia’s greatest achievements. It has served Australians well since Labor established it in February 1984.
Until recently, John Howard has been content to slowly run Medicare down by a process of stealth and attrition. But, with the announcement of the government’s so-called A Fairer Medicare package, we have seen John Howard’s true colours—and indeed the true colours of the Liberal Party, which has never had any strong commitment to a universal health system.

Let there be no mistake: this package contains changes that strike at the fundamental principle that underpins Medicare and its promise of quality health care for all Australians. That fundamental principle is that medical services in Australia should be available according to medical need—not a patient’s capacity to pay. This is more than a maxim; it is the reason that, for nearly two decades, Australia’s health system has been among the best in the world. It is also the reason that Australians overwhelmingly support Medicare. They know that their entitlement to health care, including hospital care, does not depend on how much money they have in their pocket at the time. It means that Australians are not placed in the shameful situation that confronts citizens of other countries, including the United States, where people are denied medical treatment because they do not have the money to pay for it. Quality health care is something to which Labor believes all Australians are entitled, irrespective of how much they earn. Medicare is not a safety net available only to those who cannot afford to pay for their own health care.

Under the Howard government’s package, all of that will change. Fundamental to Medicare, and to every Australian’s ability to obtain the medical treatment they need, is the availability of treatment by a general practitioner. GPs are the gateway to the Australian health system, and it is in everybody’s interest that they are able to see a GP for primary and preventative health care as soon as a medical problem arises. The widespread availability of bulk-billing by GPs has been of vital importance to Australians. Early access to a GP is the best way we know of to identify and diagnose health problems before they become acute or problematic. If people cannot afford to visit their GP, there is only one consequence: it might take two days, two months or two years, but they will end up in the emergency department of our public hospitals, at a far greater personal cost to themselves and at far greater expense to the Commonwealth and state taxpayer. Without the widespread availability of bulk-billing by general practitioners, Medicare’s promise of universal health care cover is meaningless.

The changes to Medicare in this bill, and in the package as a whole, can mean only one thing: a two-tiered user-pays health system under which Australian families will pay more for a visit to the doctor. We will end up with a second-class safety net for the poor, the rich will be okay, but families in the middle will be squeezed. Doctors will be given financial incentives to bulk-bill concession card holders—a de facto means test, destroying the universality of Medicare—but they will be given the green light to charge higher fees for everybody else. Australian families who have two kids and earn more than $32,300 a year are not eligible for a concession card. For them, bulk-billing will effectively end. And when they visit their GP, bit by bit, visit by visit, they will be asked to pay more. They can forget about their Medicare card; they will need a credit card.

A central plank of the government’s Medicare package is the introduction of two incentives for doctors to bulk-bill concession card holders The first incentive is a payment of up to $22,050 for bulk-billing patients with concession cards. The second incentive is the promise that doctors will be able to bill Medicare directly for all their other patients and charge patients a fee on top of that—a
practice which is currently unlawful, for good public policy reasons. If this is so convenient, as the Prime Minister would say, why is it being held out as a carrot only for those doctors who agree to bulk-bill those with concession cards? It is not proposed that it be introduced across the board. It is there simply as a financial incentive for doctors to bulk-bill concession card holders by making it easier to charge everyone else more than they charge today. It will make it easier for those doctors who currently bulk-bill Australian families to start charging them copayments for the first time. For doctors who are already charging private fees rather than bulk-billing, it will be much easier for them to increase their fee from $20 to $25 than to increase it from $45 to $50.

Since Medicare was introduced, doctors have never been allowed to bill Medicare as well as charge patients directly for the same service. This has helped to maintain bulk-billing and to keep doctors’ fees reasonable. The fact that the package includes a new safety net for concession card holders and a new capacity for others to insure privately for medical expenses over $1,000 is an admission that costs will rise. Apart from being inflationary, this new capacity to privately insure against doctors’ fees is the real thin edge of the wedge for the Americanisation of our health system. Knowing that health funds will pick up the tab for patients with large medical expenses who have private health insurance, GPs would be able to charge even more for a visit, leading to even greater increases in out-of-pocket expenses.

Before we go forward, it is important to have an understanding of why we are where we are today. Bulk-billing has been in decline ever since the Howard government was elected in 1996. Recently, however, that alarming downward trend has become a free fall. The current health minister, Senator Patterson, was warned about the imminent collapse of bulk-billing in December 2001—one month after she was appointed to that portfolio. We know this thanks to the forced release to the Australian newspaper of government documents from December 2001, which contained the health department’s analysis that bulk-billing rates were already in sharp decline and that the rate of bulk-billing would fall even further and more sharply unless the government took immediate steps to fix it.

In December 2001, a month after the government was returned to office, that health department analysis contained four warnings. Firstly, at the beginning of 2001 the rate of decline in bulk-billing had increased and from then on bulk-billing would fall steeply—perhaps by as much as a percentage point a month; secondly, that the trend to lower bulk-billing would be exacerbated over the coming months; thirdly, that without intervention bulk-billing rates would continue to fall significantly further; and, fourthly, that how long this decline would continue and where the new stable level of bulk-billing would be were unclear. More than a year later, the analysis provided to the government by the health department has proven correct. Bulk-billing by GPs has fallen by more than 12 percentage points since the government came to office. Half of that decline—over six percentage points—has occurred in the last 12 months or so. The rate of bulk-billing by GPs is now 68.5 per cent—its lowest level in 14 years. In some areas of the country, particularly in rural and regional areas and increasingly in outer metropolitan areas, the bulk-billing picture is much worse.

The flip side of the bulk-billing coin is that out-of-pocket GP expenses are on the rise. The dramatic drop in bulk-billing means additional out-of-pocket expenses that families who are under financial pressure are simply unable to bear. Since 1996, the out-of-pocket costs of seeing a GP have in-
creased from $8.32 to $13.05—an increase of more than 55 per cent. As a result of the decline in bulk-billing, people are visiting their GP less than before. Rather than having to pay a hefty copayment, some people are choosing not to go to the doctor at all. Rather than fixing the problem, John Howard’s Medicare package is simply a political fix. It is also a return to the scene of his public policy crime of the 1980s, when he was determined to see Medicare destroyed.

As we look towards the future of Medicare under John Howard, it is time to remember what he has said about Medicare in the past. John Howard has never been a friend of Medicare. Throughout the 1980s and early nineties, he campaigned on a public policy to destroy Medicare. When he was Leader of the Opposition in the 1980s, he said that Medicare was a ‘miserable cruel fraud’, a ‘scandal’, a ‘total and complete failure’, a ‘quagmire’, a ‘total disaster’, a ‘financial monster’ and a ‘human nightmare’. He subsequently threatened to ‘pull Medicare right apart’ and to ‘get rid of the bulk-billing system’. Bulk-billing, John Howard said, was an absolute rort. John Howard’s 1987 formal election commitment stated:

Bulk billing will not be permitted for anyone except the pensioners and the disadvantaged. Doctors will be free to charge whatever fees they choose.

And that is precisely where this package returns us to. As well, during the 1980s he told the Australian Financial Review that the same approach should apply to public hospitals and that only pensioners and the disadvantaged should be entitled to free public hospital treatment.

John Howard could not win an election while promising to get rid of Medicare. To win in 1996, he had to promise to retain Medicare in its entirety and to keep bulk-billing. When he came to face voters as opposition leader again in 1995, John Howard performed one of the most remarkable public about-faces in Australian political history. Shortly after regaining the leadership of the Liberal Party, he told radio 3AW on 2 February 1995:

We’re not going to contemplate altering the universality of Medicare. I mean, that is fundamental, and we’re also going to keep bulk billing.

One day after John Howard committed himself as the new opposition leader to the universality of Medicare, his new shadow health minister, Dr Michael Wooldridge, appeared on radio 3LO to deliver the same message in the following, even more direct terms:

Question: “And you are also committed, as I understand, to retaining Medicare and universal bulk billing?”

Wooldridge: “Yes, that’s something we have grappled with for over a decade and the Party, now, is really unanimous on that. Medicare stays. Universal bulk billing stays. These are the things the Australian public demands and we accept that.”

So not only was Medicare to stay but universal bulk-billing was to stay as well. In the months which followed, John Howard could not fall over himself fast enough to profess his support for the system which only a few years earlier he had said raped the poor. On the Sunday program on 4 June 1995, he had the following exchange with Laurie Oakes:

Oakes: “Do you guarantee that Medicare would not be touched under a coalition government?”

Howard: “We absolutely guarantee the retention of Medicare. We guarantee the retention of bulk billing ...”

Oakes: “You see what people will worry about that: ‘The retention of Medicare’ is exactly the phrase Malcolm Fraser used about Medibank. He promised the retention of Medibank, and it went.”

Howard: “… Yes, well you’re questioning John Howard and nobody else, and I’m giving a guar-
antee that it is not going to be changed. I’m giving a guarantee about bulk billing.”

Again on 8 November 1995 he told the Age newspaper:

“We’re keeping Medicare full stop. There’s no doubt about that. Let’s have that absolutely crystal clear, we are going to keep Medicare lock, stock and barrel.

The coalition health policy in February 1996 stated:

As part of Medicare, a Coalition government will unequivocally retain bulk billing which currently comprise about 75% of rebated medical consultations, and retain all other aspects of the Medicare system.

There was no mention then of bulk-billing only being for pensioners and the poor. The Liberal Party’s health policy in 1998 again contained a commitment to retain bulk-billing for medical services. In 2001 it went so far as to brag about the level of bulk-billing, stating:

The number of bulk billed services has increased significantly ... More Australians have access to free medical services than at any time ...

However, this time it contained no commitment to retain bulk-billing into the future. It was silent on that point. Now the wheel is turning full circle. The so-called A Fairer Medicare package beats the path right back to 1987 when, under John Howard, bulk-billing was to be retained only for pensioners and the poor.

The DEPUTY SPEAKER (Mr Barnes)—I have been reluctant to interrupt the member, but would you please refer to other members by their correct title. I did allow it earlier on as you were quoting from a transcript.

Mr STEPHEN SMITH—Thank you, Mr Deputy Speaker. I now turn to the measures in the bill. I go to private health insurance for out-of-hospital medical services. It is currently unlawful for private health insurance funds to offer insurance for medical services that are provided out of hospital. Since 1983 Medicare has been the sole insurer for private out-of-hospital medical services, and all Australians have contributed to Medicare through payment of the Medicare levy and through their taxes. This has helped to keep medical costs down. Apart from being inflationary, the proposed capacity to privately insure against doctors’ fees is the real thin end of the wedge for the Americanisation of our health system. It is also an admission that under the Howard government’s package health costs will rise.

I turn to the safety net for concessional patients. There are already two safety net arrangements in place to protect Australians who have high out-of-hospital out-of-pocket expenses. Under the existing Medicare safety net, once a person’s gap payments exceed $319.70, Medicare benefits increase from 85 per cent to 100 per cent of the Medicare schedule fee for any further out-of-hospital services in that year. As well, the medical expenses tax offset allows a person with qualifying out-of-pocket medical expenses over $1,500 in the financial year to claim a tax offset of 20 per cent of their net medical expenses over $1,500. There is no upper limit to the amount that can be claimed. Both these existing measures to assist people who have high out-of-pocket costs are available to all Australians and are not means tested.

The proposed concessional safety net is an admission that out-of-pocket costs will rise under the government’s package. Doctors will be free to charge concessional patients higher fees in the knowledge that the government will be responsible for picking up 80 per cent of the cost of medical expenses incurred above the $500 threshold. The measure will also create a two-tiered system in which eligibility for assistance with health care costs depends not on medical needs but on a person’s income.
I turn to the measure of allowing participating practices to charge patients copayments and receive the Medicare rebate. Doctors who agree to bulk-bill all of their concessional patients will be allowed to bill Medicare directly for all other patients and charge patients a fee on top of that. This practice is currently unlawful. Since Medicare was introduced, doctors have never been allowed to bill Medicare as well as charging patients directly for the same service. That has helped to maintain bulk-billing and to keep doctors’ fees reasonable. While the measure has been described by the government as introducing additional convenience for patients, it is more correctly characterised as a financial incentive for doctors to bulk-bill concession card holders by making it easier to charge non-concessional patients more. The convenience will simply be to allow doctors to charge Australians families more for their visits to the doctor.

The explanatory memorandum to the bill effectively confirms that this measure is designed as a financial incentive for doctors. It says:

This facility will only be offered to general practices which are prepared to protect affordability for patients on low incomes by participating in the General Practice Access Scheme.

It will make it easier for those doctors who currently bulk-bill Australian families to start charging them copayments for the first time. For doctors who are already charging private fees rather than bulk-billing, it will be much easier to increase their fee from $20 to $25 than to increase it from $45 to $50.

Finally, so far as the funding of this package is concerned, it is clear from the budget papers that the government’s package, including the non-legislated measures—the work force measures, which Labor supports—will cost $917 million over four years. It comes as no surprise to Labor that is found in the budget papers by reducing the appropriations to the states under the forward estimates for the Australian health care agreements by $918 million over a four-year period. Over the term of the health care agreements, that is essentially a cut in the forward estimates of funding to the states of between $1 billion and $1½ billion. The government funds its so-called A Fairer Medicare package with a $1 billion hospital pass to the states.

The community has not been fooled, either by the Orwellian title of the package—A Fairer Medicare—or by its content. If one looks at the reaction to the package, one sees that the litany of accusations and sins abound. Catholic Health Australia said:

... this package disproportionately hits the hard up and the sick and erodes the value of the Medicare entitlement for people without concession cards.

... Families and people on meagre incomes will find bulk billing elusive ...

The Doctors Reform Society said:

Working families with one income will be reduced to taking just one of the three sick kids to the doctor and then sharing the treatment in a desperate attempt to afford health care.

They also said:

A $100 for a GP visit (as in the USA) is where we are headed, unless one is ‘fortunate’ enough to be very obviously needy ...

ACOSS said:

The concept that bulk billing should only be for pensioners and health care card holders will lead to many of those patients being treated as second class citizens, left to wait at the end of the queue behind the ‘paying’ patients.

The Australian Consumers Association said:

The message from the Government is that doctors will have to recover their costs from individual patients because what’s left of Medicare isn’t going to help. ... In the wake of these measures, the collapse of bulk billing will accelerate and...
even more people—including many pensioners—will not be able to afford to go to the doctor. Regrettably, the government is in denial over the consequences and effect of its own package. The proceedings in Senate estimates this week have given us a greater understanding of the government’s package and the government’s failures. For example, on Monday the government admitted that no regulatory impact statement—RIS—was prepared for the package. That is an extraordinary admission, given that this is the most fundamental change to Medicare in 20 years. According to the Department of the Treasury:

The RIS process is intended to ensure that a comprehensive assessment of all policy options, and the associated costs and benefits, is undertaken. The information is then used to inform the decision making process. In this regard, it provides a comprehensive checklist that outlines public policy decision making best practice. This process is to be used to develop the appropriate policy solution, not to construct a justification after the event. Where a regulatory solution is intended, a formal RIS must accompany the proposed legislation on introduction to Parliament. This provides a public statement of the decision making process.

When the legislation needed to give effect to the government’s package was tabled last week, the regulatory impact statement was conspicuously absent. Regrettably, it gets even worse. The government was also forced to concede that it neither sought nor received any advice about the impact of its package on bulk-billing rates. At Senate estimates, the government was also forced to concede that it neither sought nor received any advice from the Department of Health and Ageing on the impact of its Medicare package on increases in patient costs. Why would any responsible government not have asked those two basic questions?

The truth is that the government has no commitment to bulk-billing and does not care if, as a result of this package, the rate of bulk-billing goes into further and deeper decline. The government has blindly proceeded on the mere belief that fees will not rise, without any evidence to back up this dangerous and naive belief. In fact, only the government clings to the belief that its package will be cost neutral. Health economists agree that this is precisely the effect that the government’s package will have. The architect of Medicare, Professor John Deeble, explained recently:

There will be GP co-payments for most people. These would be uncapped and unpredictable, and only a fool would believe that they will not rise or eventually extend to other services ... Separating fees from Medicare benefits will leave doctors free to charge what they like.

One practice manager from Westcare Medical Centre in Melbourne has already blown the whistle on the inflationary impact of the government’s Medicare package. The industry publication, Australian Doctor, reported last week:

Mr Lipscombe said the key advantage of the Coalition plan was that participating practices could offset the cost of bulk billing concessional patients by charging other patients extra. Although the Federal Government has repeatedly claimed its package would not induce doctors to increase their fees, Mr Lipscombe said this was nonsense and that by charging non-concessional patients a gap, GPs could gain significant extra income.

In question time today, the Leader of the Opposition put this to the Prime Minister, and the PM squibbed the response. But it was not until later in question time that the aspirant health minister, Mr Andrews, really rose to the occasion. As a Perth Glory fan, I always like to see a good own goal from the other side. Minister Andrews thought he was on a winner when he flourished the full article from which the Leader of the Opposition was quoting. The article describes a financial analysis by practice manager Mr Mark
Lipscombe which concluded that doctors would be better off under the coalition’s Medicare changes. What the aspiring health minister failed to appreciate was that the basis of Mr Lipscombe’s analysis was the fact that, under the government’s package, doctors would be able to charge their non-concessional patients more. Worse still for Mr Andrews, the health minister, Kay Patterson, had already repudiated these comments. She told a Senate estimates committee on Monday that the analysis ‘shows a lack of understanding of the package’.

The analysis that the Minister for Health and Ageing disowned in the Senate on Monday is now the basis of Minister Andrews’ contention in the House today that the government’s package is a winner. But one thing is absolutely clear: there will be only one consequence from this package—fees for Australian families will go up. The AMA has confirmed it, saying that it will be inevitable that costs will increase. Individual doctors have confirmed it. Practice managers are confirming it. The member for Parramatta and parliamentary secretary has confirmed that costs will rise and has said that those people complaining about that should just stop whingeing. Only the government remains in denial, and that is because the Howard government has no commitment to Medicare, no commitment to bulk-billing and no commitment to keeping the costs of health for Australian families affordable. If Medicare is to be preserved and bulk-billing restored, Australians first of all need a government that is committed to Medicare and to bulk-billing.

The restoration of bulk-billing to respectable levels is Labor’s highest health priority. Bulk-billing has to be made available for as many Australians as possible, not just a chosen few. That is why Labor has committed $1.9 billion over four years to a plan to save Medicare and restore bulk-billing for all Australian families. Labor’s plan will stem the catastrophic decline in bulk-billing and make it available for more Australian families by immediately lifting the Medicare patient rebate for all bulk-billed consultations to 95 per cent of the scheduled fee, which is an average increase of $3.35 per consultation. Subsequently, it will lift the Medicare patient rebate for all bulk-billed consultations to 100 per cent of the scheduled fee, an average increase of $5 per consultation. It will offer doctors powerful financial incentives of up $22,500 to meet bulk-billing targets that are realistic and achievable. It will provide more GPs in areas that need them and more nurses to assist GPs in their work.

These measures are the first step towards Labor’s objective of lifting the average national rate of bulk-billing back to 80 per cent. Labor’s plan to save Medicare and restore bulk-billing will boost the rate of bulk-billing in those rural and outer metropolitan areas that have been hardest hit by the government’s neglect of Medicare and bulk-billing. Rural and outer metropolitan areas hit by doctor shortages have seen some of the greatest declines in bulk-billing under the Howard government. We intend to fix that by setting bulk-billing targets that are realistic and achievable and by giving doctors substantial financial incentives to continue bulk-billing and increase their rates of bulk-billing. Labor’s plan has been very well received, in contrast to and unlike the government’s package. The Australian Consumers Association has said:

This package strikes a convincing blow in defence of Medicare … It shows that saving Medicare is eminently affordable without raising taxes. The message to health consumers and to doctors: don’t give up on Medicare yet. All it needs is some intelligent care. Real increases in doctors’ incomes ranging initially from $26,000 in the city to $39,000 in the country should be enough to arrest the decline in bulk-billing and start the rebuilding process.
ACOSS has said:
Pensioners, unemployed people, people with disabilities and other low income Australians stand to benefit from Labor’s proposals as they promise access to quality health care for everyone on the basis of need, rather than capacity to pay. Labor’s proposals to set a national bulk billing target of 80% and to provide incentives for GPs to bulk bill most patients are strong and welcome features of the package …

The AMA has said:
The Opposition’s allocation of around $2 billion over four years to increase Medicare patient rebates and GP workforce shortages represents a serious commitment to supporting Medicare … Unlike the Government package, each individual doctor is free to access the increased rebate if they choose to bulk bill individual patients based on patient need, not geography. We welcome incentives applying to individual doctors, not practices.

The Rural Doctors Association has said:
This system that they’re proposing has more chances of being much more widespread. In other words there would be many more practices participating than what the coalition is suggesting. Under the coalition system there may be some regional towns where there still would be no bulk-billing.

The Australian Divisions of General Practice has said:
It will support GPs to bulk bill low income families and the others who do not qualify for concession cards but who may have difficulties affording their medical treatment.

The Doctors Reform Society has said:
The Labor Party’s package to address the increasing problems of bulk billing is the first positive initiative on bulk billing for ten years. It encourages doctors to bulk bill patients wherever they live, whoever they are. It encourages the underlying principle of Medicare, access to quality care for everyone. And it aims to address the inequalities of access between rural and metropolitan areas.

Labor has shown that, with the right commitment, you can save Medicare and restore bulk-billing for Australian families to respectable levels. This will be a battle every day from now until the next election. We will fight tooth and nail the government’s proposed destructive changes to Medicare. We will do everything we can in this parliament to defend Medicare and, in the next parliament, to rescue Medicare and restore bulk-billing to respectable levels for Australian families. As a consequence, I formally move:

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

“the House rejects this Bill and the Government’s so-called “A Fairer Medicare” package for the following reasons:

(1) it will create a two tiered user-pays health system under which Australian families will pay more for a visit to the doctor;
(2) it will lead in time to Medicare becoming a second-class safety net in which bulk billing is only available for pensioners and concession card holders;
(3) it will make it easier for those doctors who currently bulk bill Australian families to start charging them co-payments for the first time, and those doctors who are currently private billing to increase their fees;
and commends Labor’s plan to save Medicare and restore bulk billing for Australians families”.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Is the amendment seconded?

Mr Swan—I second the amendment and reserve my right to speak.

Mr LLOYD (Robertson) (6.27 p.m.)—I am very pleased to have the opportunity to speak on the Health Legislation Amendment (Medicare and Private Health Insurance) Bill 2003 and to support what the government is doing to increase support for the Medicare system. Over the last few weeks we have heard a constant stream of allegations and mistruths from the opposition, designed to scare vulnerable people in our community. That is their normal tactic. It is the way they try to put forward their so-called concerns. It is a smokescreen for what they are trying to
do because they do not have a plan—they call it a plan, but they do not have one—and the only way they can get forward their points is to run a scare campaign about Medicare.

The government’s Fairer Medicare package provides an extra $917 million to strengthen Australia’s universal health care system, not to weaken it. It has been carefully designed to strengthen the availability of bulk-billing and the affordability of general practitioners, particularly for concession card holders. This is an important point. It is the right of all Australians to have access to high-quality medical care. Certainly on the Central Coast of New South Wales, in my electorate, the shortage of doctors is causing concern. Part of this package will help alleviate, in the long term, the shortage of doctors in areas such as the Central Coast of New South Wales. Bulk-billing rates are falling in some cases because of lack of competition and the fact that most doctors in our area have full waiting rooms. We have to do something about it, and that is what the government is doing.

It is important to emphasise that doctors will be free to bulk-bill whomever they choose, as is the case now. But, for the first time, we will be strengthening the availability of bulk-billing for pensioners and concession card holders, particularly for people in outer metropolitan and rural areas. In the case of my electorate, at the moment many doctors already charge a copayment for pensioners and concession card holders. Hopefully, this package will see a reduction in the number of doctors who are charging copayments for pensioners and will increase the availability of bulk-billing in areas such as the Central Coast of New South Wales.

The universality of Medicare will be retained. You would not know that if you had listened to some of the Labor speakers over the past few weeks in this place and in the Main Committee. They are running a scare campaign. They are saying that Australian families will not have access to Medicare. That is simply untrue. All Australians will have access to Medicare, and they will have access to the Medicare rebate. This will not change. There is no means test. As is the case now, the doctor will remain in control of their billing practices. They can choose to provide care at no cost to any patient regardless of whether or not they hold a Commonwealth concession card. Again, this is an important point to counter the scare campaign that the Labor Party constantly run. It seems to be a tactic of the opposition. They think that, if they say something enough times in this House and in the community, some people will take it as fact. Fortunately, the Australian community is smarter than that and people can see through those sorts of tactics.

There is nothing—nothing, I repeat—in the A Fairer Medicare package that should increase doctors’ fees. In fact, the vast majority of doctors will be financially better off if they choose to participate in the GP access scheme. There will be incentives to bulk-bill concession card holders ranging from an average of around $3,500 per GP per annum in the urban and outer metropolitan areas to an average of about $22,050 per annum for GPs in rural and remote areas. For practices with higher than average concessional patient workloads, the amount will be even higher. The incentives that are paid to general practice will be indexed by the CPI.

Some doctors have raised concerns about red tape. They might feel that they will have a bit more paperwork. But Minister Patterson issued a press release on the same day that the Productivity Commission report was released, with a commitment to drastically reduce red tape. That is a very important issue for doctors. Minister Patterson has set up the GP Red Tape Taskforce. This task force will
consult and work closely with the medical profession to ensure that doctors can spend more time with their patients and less time on paperwork. I am aware that Minister Patterson is meeting with general practice groups all around Australia and is prepared to discuss with them ideas that they have for reducing red tape.

One of the important parts of this package is this. If you are bulk-billed when you go to the doctor, you go to a GP and hand over your Medicare card—that is simple. But most Australian families who go to the doctor pay the doctor the $25 or $35 that the doctor charges, hand over their credit card to pay the bill or pay it with cash, and then have to get a rebate from Medicare. They either have to post off the form, wait for the money to come back in cheque form and then go to the bank and cash the cheque or put it into an account, or they have to go to a Medicare office, get in the queue, wait around, put the doctor’s bill into the Medicare office and then get the Medicare rebate back. Ultimately, it has cost them $10 or $15 to go to see their GP, but it has cost them a lot more in time and effort.

This is what the Labor Party cannot seem to grasp. I am not sure whether they do not spend time out in the community and do not understand what Australian families are all about, but this will be of great benefit to most Australian families—the fact that they will be able to go to the doctor, hand over their Medicare card, have that rebate credited straight away to the account, and then pay the balance, whether that is $10 or $15. They do not have to go to the Medicare office, they do not have to post off forms, and they can, hopefully, get on with life—go back to work or go back home and recover from whatever illness they might have gone to the doctor for. That is going to be a very important improvement to this system.

I mentioned earlier that one of the problems was the lack of GPs in many areas, including the Central Coast of New South Wales. Part of this package will be to provide additional places that will be allocated to universities. New medical school places will be allocated across universities with reference to projected state and territory population needs, minimum intake benchmarks to ensure that medical school viability standards are met, infrastructure capacity, and the capacity of individual schools to provide clinical training placement opportunities for extra students. The allocation process will ensure that each school has a suitable balance of unbonded and bonded places—both new bonded places and existing Medical Rural Bonded Scholarship Scheme places. The final allocation of places will be determined by the Minister for Health and Ageing in consultation with the Minister for Education, Science and Training.

Under this measure, 150 additional places will be added to the GP training program. This is a very important initiative. This will bring the total number of new GP registrars to 600 a year. GP registrars are doctors who have completed their undergraduate degrees and who are undertaking vocational training in general practice. These places will be advertised during 2003 and will commence in 2004. While they are training, the registrars will be working within areas with general practice workforce shortage, such as the northern areas of the Central Coast. They will be providing a range of medical services under supervision to patients. This will have an immediate benefit for the community. The government will be working with the General Practice Registrars Association and General Practice Education and Training, both to increase the number of quality accredited training practices in areas of workforce shortage—for example, rural and outer metropolitan areas—and to increase the
flexibility within the current training arrangements.

That is an important aspect of this legislation. The legislation should be passed through this parliament and through the other place. I do not believe it is acceptable for people to be unable to see a doctor or to have to wait two or three days to see their GP. Unfortunately, that is the case in some parts of Australia these days. There is no quick fix to that, but one of the ways to help alleviate these concerns is to provide more training places and to have more GPs on the ground providing the services in the community. This is one of the very important parts of this package, and that is why I am so pleased to be able to support this range of measures that the government is introducing.

Another important aspect of this legislation as part of the incentive package for GPs is to provide additional practice nurses in areas of high need. A lot of people will say, ‘What do nurses do in general practice?’ They provide clinical nursing services. They coordinate patient services. They provide the management of a clinical environment by assisting the practice to meet relevant standards and legislative requirements. They are involved in health promotion and education activities, the management of human and material resources, the management of health through immunisation recall systems and acute and chronic disease management. Nurses employed in general practice may be either registered or enrolled nurses. A nurse must have the minimum specified qualifications appropriate to the functions undertaken. All nurses employed in general practice must be registered with the registering authority in the state or territory in which they are working.

Under this legislation, up to 457 full-time equivalent nurses will be funded. Eight hundred general practices in areas of work force shortage, especially those located in the outer metropolitan rural areas, are expected to benefit. Alternatively, a general practice may choose to employ other allied health professionals. This is an important measure. It is a measure that will provide additional services and additional benefits immediately to the community. Obviously the GP training places are an important measure as well, but it takes time to train doctors. It takes time to get them into the field. This part of the legislation—this incentive package where we will provide 457 full-time equivalent nurses into the community in 800 general practices around Australia—is an initiative that can make a real difference now. It is important that this legislation goes through the parliament.

Often the nurses can assist the GPs and take a lot of the workload off them. They can give them support in a range of practice activities, such as the management of chronic diseases—for example, diabetes or asthma, where people come to a GP’s surgery on a regular basis. They can undertake population and health activities, such as health assessments, and they can provide clinical support. This allows the GP to focus on diagnosis and clinical care. There was already an initiative available for general practice in rural and remote areas and some areas where there is a work force shortage. Under these new arrangements this will be extended to additional urban areas of work force shortage, particularly in the outer metropolitan locations. This will have an impact on my electorate of Robertson and on the Central Coast of New South Wales in general, and it will be a positive impact. It is an important part of this package.

The Labor Party have run an outrageous scare campaign on Medicare. They always have. Year after year they trot out this line that the coalition is against Medicare and does not support Medicare. But have a look
at our track record since we entered government in 1996. We have supported Medicare and we continue to support Medicare. In fact, we are injecting a large amount of increased funding into Medicare to make sure that it is affordable, that it is available for as many people as possible through bulk-billing and that it is available to everybody in the community. You hear speakers on the other side who claim that these measures are not in the interests of the Australian community or Australian families, but if you look at the track record of the Labor government, you see that they have not done anything to assist Australian families. Their plan is to spend nearly $2 billion. They have not said how they will raise that money. They have not said where that money will come from. They have not said what they will do with the 30 per cent private health insurance rebate—a very popular initiative that has helped to take the pressure off the public health system and has helped to make access to medical services more available for low-income earners, pensioners and concession card holders.

What would they do with the 30 per cent rebate if they ever got into government? They have not said what they would do with that. The only people who support private health insurance are in the coalition government. Labor were against the private health insurance rebate. They are against people who want to look after themselves to fund their own health care so as to take pressure off the public health system and enable more concession card holders and more pensioners to have access to what is a world-class system. If you listened to the Labor Party, you would think that the health care system in Australia was Third World. I have to tell you that it is not. It is by far one of the best health systems in the developed world. We have thousands of dedicated nurses, doctors and other health professionals who deserve support, and the Commonwealth government is supporting the medical system in Australia.

Only recently the Commonwealth government have been negotiating with the states to provide additional money in the five-year health care agreement. They have committed an extra $10 billion—a total of $42 billion over the next five years—for the provision of free public hospitals. They are committed to that investment in public hospitals at a 17 per cent real increase over the life of the five-year agreement. Unfortunately, at this stage, the states have not signed up to that agreement.

In their typical fashion, the states are claiming that they are responsible for nothing. The state Labor premiers have turned into political commentators. They like to take the credit for everything that they think is good but, whenever there is an issue where they need to stand up and be counted, they are nowhere to be seen—they duck for cover. They pop up on the TV news most nights, making political comments about what they perceive the federal government should or should not be doing. But we never hear what their responsibilities are and why they are not at this stage supporting the five-year health care agreement which would provide that additional money to our public health system.

In conclusion, I am very pleased to be able to support the Health Legislation Amendment (Medicare and Private Health Insurance) Bill 2003. I call on the Labor opposition to pass this bill, to allow it to go through the Senate, to allow it to become a reality and to allow that extra money to flow into the Medicare system to support bulk-billing, to ensure that pensioners and concession card holders have access to bulk-billing, that all Australians have access to the Medicare rebate and that we continue to fund what is a world-class health system which the Com-
monwealth Howard government will continue to support. Unlike the usual tactics of the Labor opposition, who want to block everything, they ought to have a look at this package, be constructive about it and allow it to pass so that the Australian community can benefit from the Howard government’s initiatives.

Mr SWAN (Lilley) (6.47 p.m.)—Labor opposes significant parts of this government package because it is part and parcel of a further attempt by this government to create what is increasingly becoming a three-tiered society in this country—those at the top doing very well, the low- and middle-income earners being squeezed, and those on the bottom being left further behind. The Health Legislation Amendment (Medicare and Private Health Insurance) Bill 2003 is yet another attempt by this government to kill Medicare, and there is no doubt that it takes us down the American road when it comes to health care.

How does this relate to the government’s package when we talk about the steady creation of a three-tiered society? At the bottom, the government is proposing a safety net for people who are being left behind, for concession card holders; yet it is a safety net which is still full of holes. There is nothing in this package which guarantees that someone who is a concession card holder will be guaranteed access to a bulk-billing doctor, and those people will continue to find it difficult to access affordable health care.

This package really hits those on low and middle incomes. These are people on modest incomes. They are being squeezed, they are paying more tax than ever and they are getting fewer services in return. These people will really be hit by higher medical costs under this package. Then of course you have the very well-to-do who are doing very well under most other government policies and can afford to pay for the health care that they need. But the middle- and low-income earners and those at the bottom are being squeezed and, if this approach continues, they can expect to pay a lot more over time as Medicare simply disappears.

Of course, as we know, the government has never believed in Medicare. The current Prime Minister, when he was Leader of the Opposition, said that Medicare was miserable, a cruel fraud, a scandal, a total and complete failure, a quagmire, a total disaster, a financial monster and a human nightmare. This is a Prime Minister who has never, ever believed in the concept of affordable health care for all, which is the basis of Medicare. What he is doing now is giving Medicare the death of a thousand cuts. Seven years of neglect means that John Howard’s long-held ambition to destroy Medicare is well on the way to being realised.

Bulk-billing nationally has fallen from 80 per cent when John Howard came to power to 68.5 per cent in the March quarter of this year. In my own electorate of Lilley, the decline has been even more dramatic. In the last two years the rate of bulk-billed consultations has fallen from 83.4 per cent to a low of 64 per cent. But this is not the real level of bulk-billing. The real level of bulk-billing, as experienced daily by people in my electorate, is much much less than that. The figures do not accurately reflect the inability of many people in the northern suburbs of Brisbane to access a bulk-billing doctor. I suspect the average experience of someone in my area is well below 50 per cent, not the overall figure published by the government of 64.6 per cent.

Nevertheless, if you go by the government’s official figures, the rate of bulk-billing by GPs has now fallen by more than 12 per cent and the average cost of seeing a doctor who does not bulk-bill has risen by
more than 55 per cent since the government came to power. This is part of that financial squeeze that is the essence of the third-term agenda of the Howard government. They said it was going to be ‘work and family’ but what it is about is putting the squeeze on Australian families—putting the squeeze on Australian families when it comes to their family payments, putting the squeeze on Australian families when it comes to the tax system, and putting the squeeze on Australian families when it comes to the health care system. The government’s so-called A Fairer Medicare package is going to drive bulk-billing levels much lower, because doctors will be given financial incentives only to bulk-bill concession card holders—and, as I said before, there is no guarantee that it will be there for concession card holders anyway—which will give the green light to charge higher fees for everybody else.

So the cost of going to the doctor is going to increase even more substantially. This will be yet another burden on battling Australian families, who are already sinking under the weight of their financial responsibilities. Of course, what is the government saying that they are doing about that? They are going to give them a $4 tax cut.

Mr Murphy—What can they do with that?

Mr SWAN—What can they do with that? It certainly is not going to make up for the dramatic increase that they are going to face in going to the doctor.

All this was conveniently confirmed by the member for Parramatta, the Parliamentary Secretary for Family and Community Services, Ross Cameron, when he said that under the government’s Medicare changes families would be expected to pay more. I will give him full marks for honesty. Ross got that right, but what he also got right was that he was the first government member or member of the executive to admit what the real agenda is. The real agenda is to destroy Medicare. He said that it made him sick that baby boomers wanted to have access to affordable education. He said it made him want to throw up. I reckon we ought to throw him out, because people in his electorate of Parramatta, and electorates like the one I represent, do believe in the Australian ethic or ethos of a fair go. What they want is access to affordable health care, something that they regard as being synonymous with the Australian way. They do not want to go down the American road that the government is taking us down. They want that great commitment to an Australian way in health care, the Australian way being embodied in Medicare.

There is no issue I get more complaints about in my office in Brisbane than what is actually happening with Medicare. It is a huge issue and there is a seething resentment in the wider community about the approach of the government. I have pulled out a few of the survey forms that have come into my office. They are full of quotes like ‘I now can no longer afford to go to the doctor.’ Cannot afford to go to the doctor: what are we are building up? If someone has a problem that is growing, the frontline of early detection is there in doctors’ surgeries, and now that people are not able to afford to go they will only end up in the system when their symptoms become acute. The weight that this is now going to put on our public hospital system, already significantly dudged by this government, is tremendous. Another reply that I would like to read you is from a hospital worker from Wavell Heights:

… there has been an increase in patients being admitted because most of them can’t afford to go to the doctor anymore, increasing pressure on the hospital system, and no beds available. Waiting lists too long …

Part of this package is trying to shift responsibility for health care back to the states—no
doubt—trying to deconstruct a national responsibility in such an important area of social policy. Another one from Deagon:

We have foster children and at our Drs practice have to take kids out of school to receive bulk billing—afternoon $40 visit.

In many parts of my electorate a visit will cost you $40 even during school hours. The cost is going up and up and many people like this foster family will shortly not be able to afford to take their kids to the doctor, and that is the whole point. Nothing goes more to the heart of a sense of wellbeing or a sense of security than the knowledge that you can afford to get medical attention when you require it, that you can afford to do it. That is something that is simply slipping away under the Howard government.

The other thing about this package is that it just builds on the way this government has institutionalised a whole range of poverty traps. What has gone largely unreported to date is that single people on low incomes will face a pretty steep cut-off in terms of losing their concession card. And they will be pushed at relatively low incomes into that area where they cannot afford to go to the doctor because they do not have a concession card. Let me give you this example: on a single income, the equivalent of $17,264 a year, they have 12 weeks to surrender their concession card and with it their chance of getting bulk-billing at a doctor or discounted scripts. On average, Australians visit a GP seven or eight times a year. If they have to pay $20 up front per visit they could be out of pocket to the tune of $160 a year. These are all people who pay income tax, they pay their GST and they pay their Medicare levy, and now of course they are paying again. This is part of that squeeze—this government hits people coming and going. These are people who are hit by the social security system as well—they always find a way to squeeze these people, to wring it out of them.

Many people on low incomes are people who are really struggling to get by. A person moving to a minimum wage from a Newstart allowance, for example, faces a tax bill of nearly $3,000 a year, complete loss of benefits, increased public housing rent, $240 of Medicare levy, and a loss of transport concessions in those states where they are provided. If these people do what the government asks them to do, if they can go out and get a job, they get whacked. The government’s Medicare changes will place another poverty trap in front of those trying to move from welfare to work.

We have a recent example in Queensland of the extent to which this government is taking the axe to Medicare and the infrastructure that goes behind it. Large numbers of workers are being sacked, removed or transferred out of the outlying states of Queensland and Western Australia—part of the essential health structure is simply being ripped away. We have also got the problem that low-income workers and low-income families without concession cards are going to face significantly increased costs through the government’s proposed system.

But I do not intend to waste too much time on the government’s system. No-one in the country believes that it is a workable system. No-one in the country believes it is a fairer system—more Orwellian language from this government. You can always tell when the Howard government is trying to pull a swiftie—they come out with a package like ‘A Fairer Medicare’. The whole point about Medicare is that it is fair, so when they come out with a name like ‘A Fairer Medicare’ you know what it means—it means an unfair Medicare; it means an unfair system. They come into this House and they bring in some legislation to make it easy to sack people and they call it the opposite. They are so Orwellian in everything they do and say. You can see that now in the estimates and the way in
which we, the taxpayers—all of us and all of
the people that I was talking about before
from the area that I represent—are paying
consultants large amounts of money to con-
struct this Orwellian language to fleece the
public.

There was $140,000 spent on public rela-
tions advice, including $39,000 for a public
relations consultant to come up with the
splendid name ‘A Fairer Medicare’. I thought
Medicare was fair. That is the whole point.
You always know when they use a word such
as ‘fairer’ that it means they are out there
duping low- and middle-income earning
Australians, as they always do—that is just
so John Howard. You always know what he
is up to by the titles that he uses, because he
is always doing the opposite of the title. We
would all be aware that the government have
put away $21 million for another PR cam-
paign. Here we go again. You always know
they are really going to fleece you on some-
thing when they put ads on TV about it. Why
would they be putting ads on TV if it were
going to be popular or be supported? That is
part of that Orwellian approach of the How-
ard government.

There is a clear distinction between what
the government are proposing, which I do
not intend to waste too much time on, and
what Labor will do. The government’s pack-
edge offers something like $346 million over
four years for doctors to bulk-bill pensioners.
Labor’s plan to save Medicare and bulk-
billing, to make it much more generally
available, puts in something like $1.5 billion
over four years for doctors to increase their
level of bulk-billing for Australian families
so that more Australians can access a bulk-
billing doctor. Labor’s plan will stem the
catastrophic decline in bulk-billing and make
it more available to more Australians by im-
mediately lifting the Medicare patient rebate
for all bulk-billed consultations to 95 per
cent of the schedule fee—an increase of
$3.35 per consultation; subsequently lifting
the Medicare patient rebate for a bulk-billed
consultation to 100 per cent—an increase of
over $5 per consultation; offering doctors
powerful financial incentives of up to
$22,000 to meet bulk-billing targets which
are realistic and achievable; and providing
for more GPs in areas that need them and
more nurses to assist GPs in their work.
These measures are the first step towards
Labor’s objective of lifting the average na-
tional rate of bulk-billing back to 80 per cent.
Under Labor, Medicare will once again be
available to all Australians.

If this government package goes ahead, it
will be the death of Medicare. Essentially, it
will create the three-tiered system that I
spoke about before, it will unleash signifi-
cant inflationary cost pressures in the system,
doctors’ charges will rise and, in the end, all
Australians will lose. One of the great fea-
tures of our health system is the extent to
which we provide great care in an efficient
and affordable way. That will be a thing of
the past. It will simply disappear if this pack-
age is passed. For that reason Labor are go-
ing to fight this government package. We are
going to fight it all the way down the line.
We are going to fight it like we fought the
try to cut the disability support pension,
which has still not moved through this House
because of the fundamental principle at
stake. What sort of country do we want to
live in? Do we want to be in a country where
the ethos of ‘a fair go’ means something,
where Australians, no matter where they
were born or how much they earn, have the
capacity to access affordable health and edu-
cation? That is the type of Australia we want.
We will be supporting the package, so com-
petently put together by the Labor leadership
in this House of Simon Crean and Stephen
Smith. The member for Lowe might also
have had some role in it, given his particular
expertise in health. We are going to get be-
hind that package and sell it to the Australian community because what Australians really want is a fair go, and our package delivers it.

**Mr BILLSON (Dunkley) (7.04 p.m.)—** I will take a few moments to discuss the **Health Legislation Amendment (Medicare and Private Health Insurance) Bill 2003** before seeking the House’s concurrence to adjourn the debate. I understand that we have some legislation with a Senate message coming back to the House, so I will push on for a moment. When the package of ‘A Fairer Medicare’ measures was announced, it certainly struck me as a very meaningful and genuine effort to address the key issues that seem to confront the community that I represent: reasonable access and affordability of GP visits.

It is important to realise that this is not the first time the government has needed to approach the Medicare question and to look at enhancing the way it delivers the health needs and requirements of people on the ground. A group in my electorate, upon hearing about the changes, said, ‘There should be no changes to Medicare.’ I start my contribution tonight by suggesting that there does not seem to be anybody left who does not think Medicare needs to be addressed. The Dunkley and Flinders branch of the Defend and Extend Medicare Group made news in the local *Mornington Peninsula Leader* on 13 May with the headline: ‘No changes, group urges’.

The issue before us is that there is a need for change. Let me give you one example as to why. The current system has delivered an outcome where a person living in a townhouse in Melbourne, a seaside house in St Kilda or on the North Shore of Sydney is 65 per cent more likely to be bulk-billed for a GP consultation. That is the situation as it stands. You hear the members opposite talk about fairness, equity and things like that, but they seem to be blind to the reality of bulk-billing and its availability throughout the community. Part of that confusion is contrived confusion. When you look back at the early days when the Medicare scheme was introduced, no undertaking or assurance was given that every citizen across the land would have access to bulk-billing. The offer was that a publicly funded subsidy would be available to GPs to cover the cost of a GP consultation. At the time, that was satisfactory and sufficient for some general practitioners. They were happy to receive that medical benefits schedule fee as a reasonable payment for their professional skill and services in providing the GP consultation.

That was a decision that was made. But even at that time, when Dr Blewett announced the program, he himself made the point that, at the end of the day, it would be up to the doctor. Unlike services in the United Kingdom and elsewhere, where the government directly engages the providers of the care, services in Australia are provided via the Medicare system with a universal subsidy for visiting a general practice. What is different is that each GP has to make some choices themselves about how they will carry out their profession, the kinds of relationships they will have with their patients and also the price that they will set for providing their professional skill and service. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

**COMMITTEES**

**Selection Committee**

**Amended Report**

The **DEPUTY SPEAKER (Hon. I.R. Causley)**—I present the amended report of the Selection Committee relating to the consideration of committee and delegation reports and private members’ business on Monday, 16 June 2003.

*The report read as follows—*
Amended report relating to the consideration of private Members’ business on Monday, 16 June 2003

Pursuant to standing order 331, the Selection Committee has determined the order of precedence and times to be allotted for consideration of private Members’ business on Monday, 16 June 2003. The order of precedence and the allotments of time determined by the Committee are as follows:

PRIVATE MEMBERS’ BUSINESS

Order of precedence

Notices

1 Mr Tolner: To present a Bill for an Act to amend the Commonwealth Electoral Act 1918 in relation to representation of the Australian Capital Territory and the Northern Territory, and for related purposes. (Commonwealth Electoral Amendment (Representation of Territories) Bill 2003 — Notice given 2 June 2003.)

Presenter may speak for a period not exceeding 5 minutes — pursuant to standing order 104A.

2 Mr McClelland: To present a Bill for an Act to amend the Workplace Relations Act 1996, and for related purposes. (Workplace Relations Amendment (Good Faith Bargaining) Bill 2003 — Notice given 2 June 2003.)

Presenter may speak for a period not exceeding 5 minutes — pursuant to standing order 104A.

3 Ms C. F. King: To move—That this House:

(1) recognises the importance of the Western Highway to the economic well-being of the towns and cities along the highway;

(2) recognises that traffic congestion has increased with the development of housing estates at Deer Park, Burnside and Caroline Springs;

(3) acknowledges that the Western Highway has suffered from sustained financial neglect that has in turn compromised the safety and integrity of the road;

(4) further acknowledges that since 1998 there has been a total of 543 collisions on the Ballarat Highway between Anthony’s Cutting and the Western Ring Road with 14 resulting in fatalities and 254 collisions resulting in serious injuries; and

(5) calls on the Government to take steps to upgrade the Western Highway, including a commitment to the freeway standard link between the Western Highway and the Western Ring Road (Deer Park Bypass. (Notice given 9 December 2002.)

Time allotted — 30 minutes.

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, 4 x 5 mins]

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

4 Ms Hoare: To move—That this House:

(1) notes that cancer of the cervix is the eighth most common cancer amongst females;

(2) notes with satisfaction that as a result of the National Cervical Screening Program its incidence and mortality have been falling for many years;

(3) encourages all Australian women to undertake regular screening for cervical cancer;

(4) notes that although the Pap smear has been an effective screening test there is room for improvement;

(5) understands that many Australian women are choosing the more accurate but costly ThinPrep Pap test for screening; and

(6) urges the Minister to allow free access to the more reliable ThinPrep Pap test for all Australian women. (Notice given 27 March 2003.)

Time allotted — remaining private Members’ business time prior to 1.45 p.m.

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, 5 x 5 mins]

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

5 Mr Baird: To move—That this House:
(1) takes note of recent progress towards a Free Trade Agreement with the United States of America;

(2) welcomes the increased opportunities the agreement will bring to Australia and Australian producers;

(3) congratulates the Government on the significant achievement of bringing this initiative closer to reality; and

(4) continues to place priority on working to negotiate free trade agreements that complement the work of the WTO and APEC.

(Notice given 11 December 2002.)

Time allotted — 30 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, 4 x 5 mins]

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

6 Mrs Irwin: To move—That this House notes:

(1) the very high levels of domestic violence in Vietnam and its consequences for women and children and urges international agencies and Vietnamese institutions to take action to detect and prevent abuse and calls on Non Government Organisations and AUSAID, in consultation with Vietnamese Government agencies, to initiate and promote education programs on gender equality, vocational rights and children’s rights in Vietnam;

(2) the high level of sex trafficking in Vietnam and neighbouring countries and related risks including increasing infection rates of HIV/AIDS and calls on Non Government Organisations and AUSAID to cooperate with the Vietnamese Government to train law enforcement officers to rescue and rehabilitate victims, to raise public awareness of the problem, to provide alternative employment and income earning opportunities for women and girls and to offer sex education for children; and

(3) the lack of safe and effective fertility control available to women in Vietnam and the resulting very high level of legal abortions performed and calls on Non Government Organisations and AUSAID to assist in the development of accessible, safe and effective fertility control measures for women in Vietnam. (Notice given 26 March 2003.)

Time allotted — remaining private Members’ business time.

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, 4 x 5 mins]

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

Mr LLOYD (Robertson) (7.08 p.m.)—by leave—I move:

That the report be adopted in lieu of the report presented on 3 June 2003.

Question agreed to.

TERRORISM INSURANCE BILL 2003

Consideration of Senate Message

Consideration resumed from 26 May.

Senate’s amendments—

(1) Clause 41, page 23 (after line 7), at the end of the clause, add:

(2) A review conducted in accordance with this section must be tabled by the Minister in both Houses of the Parliament within 10 sitting days after the day on which the review was presented to the Minister.

(2) Page 24 (after line 3), at the end of the bill, add:

Schedule I—Amendment of the Trade Practices Act 1974

1 After paragraph 2B(1)(aa)

Insert:

(ab) Part VBA;

2 Subsection 5(1)

After “Part VB”, insert “, Part VBA”.

CHAMBER
Note: The heading to section 5 is altered by inserting “, VBA” after “VB”.

3 Paragraph 6(2)(b)

After “75AY”, insert “, 75AZAB, 75AZAC, 75AZAD, 75AZAE and 75AZAF”.

Note: The heading to section 6 is altered by inserting “, VBA” after “VB”.

4 After Part VB

Insert:

PART VBA—PRICE EXPLOITATION IN RELATION TO TERRORISM INSURANCE

75AZAA Definitions

In this Part, unless the contrary intention appears:

terrorism insurance cover means insurance cover produced as a result of the Terrorism Insurance Act 2003 and regulations made under that Act. It does not include insurance or reinsurance provided by the Australian Reinsurance Pool Corporation.

price, in relation to a supply, includes:

(a) a charge of any description for the supply; and

(b) any pecuniary or other benefit, whether direct or indirect, received or to be received by a person for or in connection with the supply.

supply means a supply of a contract for terrorism insurance cover.

transition period means the period ending 3 years after the commencement of this Act.

75AZAB Price exploitation in relation to terrorism insurance

(1) A corporation contravenes this section if it engages in price exploitation in relation to terrorism insurance cover.

(2) For the purposes of this section, a corporation engages in price exploitation in relation to terrorism insurance cover if:

(a) it makes a supply during the terrorism insurance cover transition period; and

(b) the price for the supply is unreasonably high, having regard alone to terrorism insurance cover (in so far as the price has taken effect); and

(c) the price for the supply is unreasonably high even if the following other matters are also taken into account:

(i) the supplier’s costs; and

(ii) supply and demand conditions; and

(iii) any other relevant matter.

75AZAC Price exploitation—guidelines about when prices contravene section 75AZAB

(1) The Commission may, by written instrument, formulate guidelines about when prices for supplies may be regarded as being in contravention of section 75AZAB.

(2) The Commission may, by written instrument, vary the guidelines.

(3) The Commission must have regard to the guidelines in making decisions under section 75AZAD or 75AZAE in relation to the issue, variation and revocation of notices under that section.

(4) The Court may have regard to the guidelines in any proceedings:

(a) under section 76 relating to section 75AZAB; or

(b) under section 80 for an injunction relating to section 75AZAB.

(5) As soon as practicable after making or varying the guidelines, the Commission must cause a copy of the guidelines, or of the variation, to be published in the Gazette. However, failure to do so does
not affect the validity of the guidelines or of the variation.

75AZAD Commission may issue notice to corporation it considers has contravened section 75AZAB

(1) If the Commission considers that a corporation has made a supply in contravention of section 75AZAB, the Commission may give the corporation a notice in writing under this section.

(2) The notice must:
   (a) be expressed to be given under this section; and
   (b) identify:
      (i) the corporation that made the supply; and
      (ii) the kind of supply made; and
      (iii) the circumstances in which the supply was made; and
   (c) state that, in the Commission's opinion:
      (i) the price for the supply was unreasonably high as mentioned in paragraph 75AZAB(2)(b); and
      (ii) that unreasonably high price was not attributable to matters referred to in paragraph 75AZAB(2)(c).

(3) In any proceedings:
   (a) under section 76 relating to section 75AZAB; or
   (b) under section 80 for an injunction relating to section 75AZAB; the notice is taken to be prima facie evidence that:
   (c) the price for the supply was unreasonably high as mentioned in paragraph 75AZAB(2)(b); and
   (d) that unreasonably high price was not attributable to matters referred to in paragraph 75AZAB(2)(c).

(4) The Commission may vary or revoke the notice on its own initiative or on application made by the corporation. The Commission must give the corporation notice in writing of the variation or revocation.

75AZAE Commission may issue notice to aid prevention of price exploitation

(1) The Commission may give a corporation a notice in writing under this section if the Commission considers that doing so will aid the prevention of price exploitation (within the meaning of section 75AZAB).

(2) The notice must:
   (a) be expressed to be given under this section; and
   (b) be expressed to relate to any supply that the corporation makes that is:
      (i) of a kind specified in the notice; and
      (ii) made in circumstances specified in the notice; and
      (iii) made during the period specified in the notice (which must not be a period ending after the end of the transition period); and
   (c) specify the maximum price that, in the Commission's opinion, may be charged for a supply to which the notice is expressed to relate.

(3) The Commission may, on its own initiative or on application made by the corporation:
   (a) vary the notice to:
      (i) change the period specified as required by subparagraph (2)(b)(iii); or
      (ii) change the price specified in the notice as required by paragraph (2)(c); or
   (b) revoke the notice.

   The Commission must give the corporation notice in writing of the variation or revocation.

(4) The Commission may publish the notice, or particulars of any variation or revocation of the notice, in such manner as the Commission considers
appropriate, including, for example, in a national newspaper.

**75AZAF Commission may monitor prices**

(1) The Commission may monitor prices for either or both of the following purposes:

(a) to assess the general effect of terrorism insurance cover prices charged by corporations for supplies during the terrorism insurance cover transition period;

(b) to assist its consideration of whether section 75AZAB has been, is being, or may in the future be, contravened.

(2) A member of the Commission may, by notice in writing served on a person, require the person:

(a) to give the Commission specified information in writing signed by:
   (i) the person; or
   (ii) if the person is a body corporate—a competent officer of the body corporate; or

(b) to produce to the Commission specified documents;

being information, or documents containing information, relating to prices or the setting of prices that the member considers will or may be useful to the Commission in monitoring prices as mentioned in subsection (1).

Note: The powers under this section are in addition to the powers under section 155. Under section 155, the Commission may obtain information about particular matters that constitute or may constitute a contravention of section 75AZAB.

(3) Without limiting subsection (2), information or documents that may be required under that subsection may relate to prices, or the setting of prices:

(a) before or after all or any terrorism insurance cover changes have taken effect; and

(b) before or after the start of the terrorism insurance cover transition period; and

(c) in a situation, or during a period, specified in the notice.

(4) A person must not:

(a) refuse or fail to comply with a notice under subsection (2) to the extent that the person is capable of complying with it; or

(b) in purported compliance with such a notice, intentionally or recklessly provide information or a document that is false or misleading.

Penalty: 20 penalty units.

**75AZAG Reporting**

(1) The Commission must, within 28 days after the end of each quarter, give the Minister a written report about the operations of the Commission under this Part during the quarter.

(2) Without otherwise limiting subsection (1), a report under that subsection must include particulars of:

(a) all notices given under section 75AZAE during the quarter; and

(b) all variations or revocations during the quarter of notices given under section 75AZAE.

(3) For this purpose, a quarter is a period of 3 months:

(a) that occurs wholly or partly during the terrorism insurance cover transition period; and

(b) that starts on any of the following days in a year:
   (i) 1 January;
   (ii) 1 April;
   (iii) 1 July;
   (iv) 1 October.
(4) Within 10 sitting days of receipt of a report under subsection (1), the Minister must table that report in Parliament.

(5) If this section commences during a quarter (but not on the first day of a quarter):

(a) no report is to be made at the end of the quarter; but

(b) the report made at the end of the next quarter is also to include the information required by subsection (1) in relation to the previous quarter.

5 Subsection 75B(1)
Omit “or 75AYA”, substitute “, 75AYA or 75AZAB”.

6 Subparagraph 76(1)(a)(ii)
Omit “or 75AYA”, substitute “, 75AYA or 75AZAB”.

7 Subparagraph 78(a)(ii)
Omit “or 75AYA”, substitute “, 75AYA or 75AZAB”.

Note: The heading to section 78 is altered by omitting “or 75AYA” and substituting “, 75AYA or 75AZAB”.

8 Subparagraph 80(1)(a)(ii)
Omit “or 75AYA”, substitute “, 75AYA or 75AZAB”.

9 At the end of subsection 80(1A)
Omit “or 75AYA”, substitute “, 75AYA or 75AZAB”.

10 After section 80B
Insert:

80C Section 75AZAB contraventions—orders limiting prices or requiring refunds of money

Without limiting the generality of section 80, where, on the application of the Commission, the Court is satisfied that a person has engaged in conduct constituting a contravention of section 75AZAB, the Court may make either or both of the following orders:

(a) an order requiring that person, or a person involved in the contravention, not to make a supply of a kind specified in the order for a price in excess of the price specified in the order while the order remains in force;

(b) an order requiring that person, or a person involved in the contravention, to refund money to a person specified in the order.

11 Subsections 84(1) and (3)
After “VB” (twice occurring), insert “, VBA”.

12 Subsections 155AA(1) and (2)
Omit “or protected Part VB information” (twice occurring), substitute “, protected Part VB information or protected Part VBA information”.

Note: The heading to section 155AA is altered by omitting “or VB” and substituting “, VB or VBA”.

13 Subsection 155AA(3)
Insert:

protected Part VBA information means:

(a) information that:

(i) was obtained by the Commission under section 155; and

(ii) relates to a matter arising under Part VBA; or

(b) information that was obtained by the Commission under section 75AZAF.

14 After subparagraph 163A(1)(a)(ia)
Insert:

(ib) Part VBA;

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (7.09 p.m.)—I move:

That the amendments be disagreed to.

The opposition will not be surprised to know that the government does not support the
amendments proposed by the Senate. Amendment (1) to the Terrorism Insurance Bill 2003 imposes a requirement that the three-yearly review reports on the continued need for the act be tabled in both houses of parliament within 10 sitting days of the minister receiving the report. Unless there are good reasons, such as the fact that they may contain commercially sensitive material, such reports will, as a matter of course, be made public. There is, therefore, no need for the legislation to prescribe tabling.

Amendment (2) inserts an amendment to the Trade Practices Act 1974 to give the ACCC powers to prevent price exploitation by insurers following the implementation of the terrorism insurance scheme. This is similar to the powers given to the ACCC during the implementation of the new tax system. Price exploitation provisions in respect of the GST were introduced in relation to extraordinary circumstances—economy wide tax reform. In contrast, such regulation is not an appropriate response to unsubstantiated claims that insurance companies will charge premium holders unreasonable administrative or other costs. There is no economic justification for contemplating price controls in this area.

The government’s terrorism risk insurance scheme will operate off the back of relevant commercial contracts of insurance, mainly those relating to commercial fire and ‘industrial special risk’. Currently, there are more than 40 insurers providing insurance cover for fire and industrial special risk for commercial property in Australia, so there is no suggestion that the market for the provision of this insurance is not competitive. To rein- sure terrorism risk, the Australian Reinsurance Pool Corporation will charge insurers a percentage of the underlying property insurance premium. The charge insurance companies pass on to their customers, therefore, will only be a component, and in many cases a very small component, of the overall premium charge.

In these circumstances, there is minimal scope for insurers to exploit the terrorism risk component of policies. There will, in particular, be little incentive for insurers to seek to exploit the terrorism component when this would risk losing the customer, and hence the greater overall premium, to one of their many competitors in the market. The only way the terrorism component could be exploited would be through some form of industry collusion. The ACCC obviously has sufficient existing powers to address that situation under part IV of the Trade Practices Act, which contains an outright prohibition on price fixing and prohibits arrangements that would substantially lessen competition.

Prices surveillance does not necessarily ensure lower prices. It can only effectively defer price increases if those increases reflect the exercise of market power. It does not deter price increases that reflect higher costs or uncertainty in the market. The ACCC pointed out in the Second insurance industry market pricing review, released in September 2002, that, while the top 10 insurance companies write 71 per cent of business, no market participant has significant market power.

Prices surveillance would impose a considerable burden on industry and entail significant administrative costs to government, which in turn would be passed on to consumers and taxpayers. These considerations mean that prices surveillance should only be invoked in circumstances where the competitive pressures on prices are ineffective and there is a potential for significant adverse economic effects. As a general pricing policy, the government considers competition, not regulation, to be the best means of lowering prices and improving choices for consumers.
Labor senators noted in the Senate Economics Legislation Committee report that, in the United States, massive premium increases followed the introduction of the government’s terrorism insurance scheme. Under the US terrorism insurance scheme, insurance companies must set their own prices for terrorist risk cover. The reason insurers originally withdrew from the terrorism insurance market is that they did not know how to price the risk of terrorism. In now being forced into pricing the risk, insurers in the United States are arguably erring on the side of overcharging, in an effort to protect themselves from losses. Under the scheme being put in place in Australia by the Terrorism Insurance Bill 2003, insurers for the most part will not need to calculate the price of terrorism cover. (Extension of time granted)

The Australian scheme introduces a broad three-tier risk rating model and the Australian Reinsurance Pool Corporation will charge insurers two, four or 12 per cent of the existing underlying property insurance premium, depending on the location of the property. Insurance companies will need to recoup administrative expenses and separately price the up to $1 million per annum risk they must retain. However, by providing a set price for terrorism reinsurance, the Australian scheme removes most of the pricing uncertainty for insurers.

Mr McMULLAN (Fraser) (7.14 p.m.)—The government’s response to the Senate amendments to the Terrorism Insurance Bill 2003 is, of course, not surprising, but it is disappointing. In some ways, I welcome the government’s argument about the three-yearly review reports—‘They don’t need to be tabled. Trust us; we’ll do it’—because that is the sort of smug arrogance I enjoy. It is the sign of governments that are getting smug, arrogant and out of touch, so I hope they keep saying it. But we will of course move the amendments again in the Senate and see what happens there.

The significant issue is price exploitation. I do not blame the Parliamentary Secretary to the Minister for Finance and Administration for his speech; I am sure the Treasurer’s office drafted it for him and he read it faithfully, as is his task. I have had the job of being a parliamentary secretary in the past, so I understand the problem. Nevertheless, it was terribly disappointing: a poor old version of Samuelson’s first year economics text, trying to give us a boring lecture about how, in a perfect world, the market will deliver decent prices. I understand that, but here we have collectively concluded—correctly—that there is a market failure. That is why we have this legislation: we have concluded that the market is not working here. Otherwise, the market would be delivering the product at a reasonable price and we would not have this legislation.

In the broad, I accept the view that the insurance industry, with a few very notable exceptions in some sectors, is a competitive marketplace, and it is not for us to start wandering around trying to set the price. The ACCC looks at the industry overall, and the normal laws apply. But if there were no market failure in this sector we would not need special legislation for it. In broad principle, we support and have supported the legislation, because there is a market failure and a need for government intervention. We will have a close look over the longer term, as I am sure the government will, at whether we have the response to market failure right, but we are not arguing about the general principle; we are allowing that to proceed.

But what we are creating with this legislation is a scheme that, essentially, obliges insurers to offer cover and, more particularly for the purpose of our amendment, compels commercial property owners, including own-
ers of small businesses, to take out terrorism cover. We are creating an artificial market, saying, ‘You have to buy this product. It’s the law.’ That creates the potential for serious market problems and for a serious weakness in the market position of the people choosing to buy the product—because they have to buy it. We are passing a law to say they have to buy it. That is not a standard market situation. If you go back and read Samuelson, you will not find that in there. It is not covered in first year economics, because this is about where the government has to intervene in market failure.

This government in the past, when it suited them, gave sweeping powers to the ACCC about price exploitation and claimed that as a great virtue. But when we say—this is just another example; it is not unique—‘If you think that was a great success, why don’t you repeat it?’ they resort to hoary old arguments about how, if there were a perfect market, it would deliver good prices. That is true; but if there were a perfect market we would not be dealing with this legislation at all. The argument is a sad nonsense.

I understand the procedures in the House, and I am not even going to delay the House by calling a division on our amendments in this matter. I just say that the government is getting smug, complacent, arrogant and out of touch. From a partisan political point of view, I welcome that. From a public policy point of view, I find the government’s response not surprising but disappointing. I hope that when confronted with a different set of arithmetic in the Senate the government might be prepared to be more responsive. I clearly indicate that we do not agree with the motion, although we will not divide on it. We will pursue the matter further in the Senate and see how it unfolds in that chamber.

Question agreed to.
Pharmaceutical Benefits Scheme—the first part of the universal health service commitment of the Commonwealth. I have spoken, just this week, about the substantial sums of money the Commonwealth is providing to states and territories for hospital funding. That is the second part of the commitment. The third part relates to Medicare and the incentives, measurements and encouragement that have been put in place to keep the system working.

To dispel some of the misunderstandings pushed by the Labor Party, I note that since being elected in 1996 the Howard government has substantially boosted Medicare. My recollection is that about $1.7 billion was paid towards Medicare by the former Labor government in their last year. That has almost doubled now. So there can be no credible suggestion and no honest assertion that there is somehow a lack of commitment from the Howard government towards Medicare. That is a dishonest, unjustifiable political claim which cannot be backed up and should be dismissed for what it is worth; it is bunkum.

Let us get past that nonsense and look at what has actually gone on. Since 1996 the Howard government has boosted Medicare, and overall GP remuneration has increased by over 30 per cent. On average, GPs now receive remuneration not only through their own pricing decisions but also from practice incentive payments totalling about $18,000 a year. There is a lot going on. The Medicare rebate for a standard consultation increased by less than nine per cent over the last six years of the former Labor government, but under the Howard government the Medicare rebate for a standard consultation has increased by over 20 per cent. This increase is actually 24 per cent when you take into account other incentives such as child immunisation and the management and care of serious illness and chronic disease. I place on the record that in Labor’s final year in power it invested $16 billion in public health, and in 2003 the coalition government will invest $30 billion in public health. Those numbers are quite compelling and quickly wipe out some of the nonsense you hear from those opposite.

If there were one simple, single measure that would bring about a utopian outcome through Medicare, don’t you think the government would have used it? This is the third instalment in a series of measures aimed at improving the affordability and accessibility of health care through GP services to all communities in Australia. In previous budgets we have seen the introduction of practice nurses—and we know that a properly qualified and supported practice nurse equates to about half of a general practitioner in a practice. That measure has been put in place and incentives made available, and clinics in the community I represent have benefited from that. We have also put in place incentives for doctors to set up practices in underserviced areas, and that has also been attractive to the community I represent. As well as those two instalments, additional training places have been created, some of them bonded to areas of underservicing. All of those measures have been implemented by the government. This is a further instalment that seeks to go more deeply into the issues that affect the availability of bulk-billing.

As I mentioned earlier, in 1983 the then Minister for Health in the Hawke Labor cabinet, Dr Neal Blewett, said:

On February 1 next year, all Australian residents will be guaranteed automatic entitlements under a single public fund to a medical and optometrical benefit at 85 per cent of the scheduled fee.

Dr Blewett also said:

Where the doctor agrees, direct bulk-billing will be available to everyone so that the patient does not have to claim a refund for the cost of medical treatment. But this is a choice left to the doctors.
Having made that statement and then not maintained the value of the Medicare benefit, the Labor government saw bulk-billing decline and continue to decline. Despite the best efforts of this government in increasing the subsidy, bulk-billing is at lower rates in some areas than it is in others. Let us think about this. If the bulk-billing fee is the same in the area I represent as it is on the North Shore of Sydney, in Penrith or in St Kilda but the bulk-billing rates are different, there must be something else going on. The something else going on is the availability of doctors. Where there is an abundance of doctors, doctors recognise that if they are not providing services at the prices patients want there is someone around the corner who will. If the costs of running a practice on the North Shore of Sydney are greater than they are in Frankston North—as they clearly are—but you still have a higher rate of bulk-billing, there is something else going on. That something else is that there are more doctors on the North Shore so that, if a patient goes to one doctor and is not happy with the contribution they are being asked to make in addition to the subsidy from the government, they can go around the corner and find a contribution they are happy with. That, in effect, produces increased bulk-billing rates.

At last we are starting to see all sides of politics recognise that something needs to be done other than simply increasing the rate of the rebate. In the government’s package, incentives are being put in place to encourage doctors to make the choice to provide bulk-billing for those who are most in need and to then gain a series of benefits, including an increase in the rebate that is available to them. That recognises that, at the end of the day, it is the choice of the doctor how they wish to sell their services and on what kind of basis they wish to put their relationship with their patients. I recently received a letter from Dr Laurie Warfe, who attended a briefing and the member for Flinders went to at which we met with the Mornington Peninsula Division of General Practitioners. Dr Warfe writes:

... thank you for coming along to address the Mornington Peninsula Division of General Practitioners on last Wednesday ... Your presentation and willingness to shed some light on the topical issues which concern us at this time was appreciated by all ... (even if some voiced their considerable opposition!).

Dr Warfe speaks frankly. He continues:

I would particularly like to compliment you on your accurate grasp of GPs’ present state of affairs. Your research has obviously been detailed and specific in this regard.

He goes on to say:

My feelings on this matter are shared by many of my colleagues. I abandoned bulk billing two years ago for two main reasons. First, the rebate had not kept up with what I believed to be fair remuneration for my professional services and second, I personally reaffirmed the fact that a fee for service arrangement of remuneration is a contract between practitioner and client without interference from a third party—government or otherwise.

He goes on to talk about his aspirations for the kind of health care he seeks to provide and the relationship he has with his patients, and concludes that at the end of the day he makes the decisions about what the price should be. He says:

For me, financial profit has been and remains a secondary consideration. If this was not the case, I would have left general practice many years ago.

He goes on to say that my appeal to him to extend bulk-billing may be to the detriment of his retirement plans and he encourages us to keep trying. His central point is about recognising the relationships that exist here. We need to make general practice attractive to doctors and we need to make sure that the relationship between patient and doctor is one on which we can seek to persuade, alter
and encourage but at the end of the day it is their relationship and the decisions GPs make about how to run their practices are very much up to them.

Debate interrupted.

**ADJOURNMENT**

The SPEAKER—Order! It being 7.30 p.m., I propose the question:

That the House do now adjourn.

Werriwa Electorate: Community Projects

Mr LATHAM (Werriwa) (7.30 p.m.)—Tonight in this adjournment debate I want to raise a number of important issues and talk about some innovative projects in my electorate of Werriwa. First, I want to congratulate the ANZ Bank and the Benevolent Society of New South Wales for deciding to commence a pilot program in Campbelltown for matched savings accounts. This is an important program which provides incentives for low-income families to save for the education needs of their children, and it provides support for financial literacy education, counselling services and better management of household budgets. I do believe that matched savings accounts make a very important point in principle, and that is that poor families can save. For some people this might be counterintuitive, but the international record shows that poor families can save, they can accumulate assets, and this is the best solution to poverty.

Of course, in the policies of the Howard government there are no incentives for low-income families to work or save; in fact, there are many disincentives. Interviews conducted with families involved in this pilot project being run by the ANZ Bank and the Benevolent Society show that many families are worried about being punished by Centrelink if they save. We need to take away the disincentives and we need to back innovative solutions such as matched savings accounts. I am delighted that it is going to happen in Campbelltown in my electorate. This is an important new solution to poverty and it has many spin-off benefits for people participating in the program. It is also an aspect of Labor Party policy in this place.

The second program I wish to support is the application of the CHARGE Association, based in Glenfield in my electorate, to receive deductible gift recipient authority. CHARGE Syndrome is a rare and complex disorder that manifests itself differently in children, mainly in the form of underdevelopment and in eye, ear and heart problems. As a parliament we should do everything we can to assist disabled children and the work of organisations like the CHARGE Association. Granting the DGR authority would assist the association’s fundraising efforts and capacity. I urge the Treasurer to show some heart and support my representations on behalf of Marie Patterson and the CHARGE Association.

The third project I wish to raise concerns the critical importance of finding new solutions to the problem of mental illness in our society. We need to recognise that mental illness is not just a medical issue and condition; it is very much a social condition. It is a product of the breakdown of social norms and certainties, the traditional family unit, traditional community bonds, an increase in the number of people living in isolation, the rise of single-person households—in fact, the terrible rise of loneliness in our society. I welcome the policy submission on this issue that has been presented to me by Mario Cardile of West Hoxton in my electorate. He makes the valid point that we should be wary of the role of multinational drug companies in the mental illness debate. These companies have a vested interest in high levels of drug use, even to the point of drug dependency, in treating mental illness. For many people this may in fact be part of the prob-
I maintain that the best solution to many mental illnesses and conditions is a social solution.

Finally, I want to congratulate the Macarthur HACC development project and its co-ordinator, Linda Margrie, for the success of the Carrington aged care pilot. This innovative scheme provides interim support to ensure continuity of care for frail older people being discharged from hospitals in the Macarthur region. Services are provided on a quick response basis where HACC support is not immediately available. In many cases, the discharged patients are able to adapt and develop self-sufficiency skills in the home, due to the support of the Carrington project. This type of flexibility and community-led innovation is to be applauded. We need more of it across the country, and I am delighted to see a program in my electorate showing the way forward.

In conclusion, I want to congratulate each of these projects. I am a great advocate of community-led policy solutions. I do not believe in the one-size-fits-all authority of Canberra. Many good ideas do come out of the bureaucracy in this city; but, more importantly, we should be listening to and learning from local communities as they devise a range of innovative solutions to their problems. At the end of the day, that is the bottom line. Their solutions to their problems are the best way forward in terms of public policy. I salute these innovative projects in my electorate. I give them my full support as the local member, and I urge all members in this place to learn the lessons from Werriwa—the great innovative community-led solutions on the urban fringe of Sydney. We are leading the nation in many respects, and I am proud to be supporting these initiatives in my constituency.

**Employment: Mature Age Workers**

Mr BILLSON (Dunkley) (7.35 p.m.)—I commend the member for Werriwa for those projects. They sound exciting and very similar to some of the challenges that the community I represent are facing. A particular area that I would like to talk about today which has a number of the characteristics the member for Werriwa mentioned involves mature age people and some of the barriers they face in gaining employment. I have spoken on this issue on a number of occasions, and I would like to briefly update the House on a pilot program that was a community collaboration that we called the mature age employment advantage. We were aiming to tackle head-on some of the barriers and some of the reasons mature age people gave, when asked, as to why they were not able to gain the kind of career path and employment opportunities they were seeking. We drew from a great body of research that Louise Rowland and the team from Business Working in Ageing had compiled over the years, which brought together some of the best international research combined with the work of JobsEast and some of the successor organisations involved in mature age employment, to identify and define appropriate responses to the real life challenges that mature age jobseekers face.

The project that we convened in Frankston had a number of elements. Firstly, we recognised that some people in the mature age bracket were not the most computer literate, because they had not been exposed to the technology that many younger people had been exposed to and therefore were not confident or able to put forward a positive picture about their skills where it involved the use of technology. So that was an element we addressed.

A second element which we addressed related to the changing nature of the labour
market. I would imagine that, if I had been on a career path for 20 years, the skills, techniques and tactics that I had used in gaining a job would look somewhat different from the skills and tactics that are needed today. There is a need to make sure that jobseekers understand and are able to best exploit the changing nature of the labour market—not just generally across the country but also in particular regions such as the one I represent.

We also tackled the difficult issue of building up a person’s positivity, their optimism and their self-esteem and giving them the sparkle in the eye and fire in the belly that ensures that they put across enthusiastically what they may have to offer a prospective employer. Many people in the mature age jobseeker marketplace have been confronted with a number of setbacks and disappointments and may not be feeling their best and most upbeat about what they can offer. But, more particularly, sometimes the description of the kinds of skills and experience a mature age jobseeker possesses actually undermines their own ability.

Let me give an example. If you were in the timber industry, for instance, you might describe yourself as having the skills of a timber worker. If you go out looking for a timber job in Frankston, you would be looking for a long time. If you describe the job as using heavy machinery, organising teams of people, being involved with heavy equipment and scheduling and supplying on time, there is a bunch of competencies common to all jobs that can be reassembled and applied very relevantly and very effectively to a much broader range of career and job opportunities than a person might initially think.

Somebody in the retail area, who knows about garden hardware and equipment, chainsaws and the like, would be a valued and skilled participant in Bunnings. People like me who go into Bunnings may not know too much about some of the equipment that we are just bursting to own. Being able to discuss the performance of different equipment and what would best suit our needs with an experienced mature person who has used these tools is a huge step forward. People often have skills that they might not think are terribly relevant or valued anymore, but what has changed is how to use those skills in different work contexts.

Another matter I would like to deal with in relation to the mature age employment initiative is how to make sure that career and life plans are in place for people looking to go forward in their lives. I have described how different working pathways can create different skills and different competencies—and we all have those in our kitbag and we all offer something of value to a prospective employer. Sometimes what we need though is someone to sit beside us and canvass possibilities, to talk to us about how we may be able to use what we have in our kitbag in a way that is sought in, responsive to and valued by the current labour market which may open up new career possibilities that we had not thought of. That kind of support and encouragement, that peer empathy whereby other people can share their experiences about what works with a mature age jobseeker is a central part of going forward, along with addressing the biases that some employers have. (Time expired)

Newcastle Electorate: Patrol Boat Project

Ms GRIERSON (Newcastle) (7.40 p.m.)—I rise to support the ADI Newcastle naval patrol boat tender. Twelve months ago the Minister for Defence, Senator Hill, expressed his support for the rationalisation of naval shipbuilding centred on an arrangement with Tenix. From Newcastle’s viewpoint, that would have prejudiced the competitiveness and performance of the industry and possibly put an end to shipbuilding in
our region. Since that announcement, ADI and Tenix have considered commercial amalgamation. But at this stage that too has not emerged.

What has emerged is a clear pattern of international insecurity that should influence the decision on the patrol boat contract. The war in Iraq was a long way from home and involved the larger of our naval ships. Minister Hill has spoken about his policy of ‘formal deployment’ for international conflicts, which would see our larger naval ships deployed anywhere in the world—a worrying pronouncement, considering our limited naval capacity. However, whenever tensions mount, patrol boats become particularly relevant to the immediate security of Australia. Since the war, Australia is now more than ever a target for terrorists. That means proactive security and surveillance, and that is what our patrol boats do best—as I witnessed first hand last year on HMAS Warnambool.

Australia also has a Pacific patrol boat. Its presence in Samoa was seen by the locals, when I was there last year, as a demonstration of Australia’s interest in, and support for, our regional neighbours. And some of our regional neighbours do need our support. The leader of the Solomons, Sir Alan Kemakeza, is visiting the government this week for urgent consultations. The situation in the Solomons has deteriorated since my visit with Minister Downer last December.

Sir Frederick Soaki, much loved peace council elder, was assassinated this year. And recently people in my own region were very much saddened by the tragic death of Mr Lance Gersbach, a Lake Macquarie resident who had gone with his family to work at the Seventh Day Adventist Mission in Malaita. Mr Gersbach was a man of peace and generosity to his fellow man. His death must serve as an example to this government of the need to protect our people, wherever they may be.

Only genuine cooperation and a hardline approach will restore law and order to not just the Solomons but the area referred to as the ‘arc of instability’ stretching from Papua New Guinea through Vanuatu, the Solomons and into parts of Fiji.

Patrol boats have become a practical and affordable option for Australia to provide an ADF naval presence in our region. As well as supporting our regional neighbours’ pursuit of law and order, they offer the opportunity for shared naval and maritime training. In Australia, patrol boats provide many surveillance functions. Labor has called for a coastguard, which would be one way of separating those functions and allowing the Navy to specialise in its security and defence role. But, whatever position is adopted, the need for an expanded patrol boat or coastguard fleet is clear, and ADI Newcastle is well equipped to build them.

Recent media has suggested that the defence department may be considering a further cull of the three patrol boat tenderers, leaving two firms to enter into further discussions. But, as time drags on, the naval shipbuilding industry must be becoming frustrated in its prolonged dealings with defence. ADI has proved its capabilities through the successful minehunter project, completed by it on time and on budget. The minehunter project achieved almost 70 per cent local content, contributed almost $900 million to GDP and generated almost 2,000 local jobs over the life of the project.

In its current, very comprehensive patrol boat bid, ADI Newcastle again proposes the use of advanced composite materials, which are ideally suited to the marine environment and are able to deliver significant savings in whole-of-life maintenance and management. ADI Newcastle has also proposed some excellent partnerships, skill development and skill sharing initiatives that would benefit
Darwin and Cairns as well as the Hunter region. The ADI bid would maximise the use of small and medium business from the Hunter region and would significantly generate employment and economic benefits for the Hunter region and the state of New South Wales.

But the ADI bid has an unrivalled element—a region skilled in high-tech defence contracts, collectively committed to the successful completion of the patrol boat project and strongly supported by Premier Bob Carr and his government. As the representative here of the people of Newcastle, I wish ADI every success with their patrol boat tender.

Dayboro Day

Mr DUTTON (Dickson) (7.44 p.m.)—I often speak in this parliament about the great joy it is to represent an area such as Dickson, and there are many reasons for that. I want to speak briefly tonight about Dayboro Day, which I attended recently. I also want to speak about the Dayboro community and inform the House that Dayboro is a fast-growing rural area within my electorate. It is a rural hamlet that provides families with the convenience of being able to live in a rural setting while still being able to travel by rail, road or, indeed, bus to their employment, be that in Pine Rivers or further afield, such as towards Brisbane. Dayboro is a community steeped in heritage and is very proud of the residents who have pioneered the region and have been such an important part of building Dayboro into the great community it is today.

So it was with a great deal of pride that at Dayboro Day this year I presented Lorena Winn with the junior achiever award. Lorena is a young lady who is not yet 17 years of age, but she was awarded the junior achiever award for many reasons. Lorena comes from a family, the Winn family, which has for many generations been one of the backbone families of the Dayboro community. Lorena is involved in local softball and netball clubs and Dayboro scouts. Importantly, she is also involved in the Army cadets. In the last few years in which she has taken part in the cadets she has applied herself in a diligent fashion, and she has now reached the highest rank that any cadet can achieve—that of company commander. I know that not only is she very proud but indeed her family and the whole community are very proud of the achievements that she has thus far obtained. Lorena is about halfway through the tasks that have been set for her to be awarded the Queen’s Scout Award. She is described to me as a person who is grounded, humble and admirable and whose dedication and resolve will see her go on to do many great things in her lifetime. I take the opportunity tonight to publicly congratulate Lorena. I am sure that she faces a very bright and encouraging future.

At Dayboro Day, the Progress Association awards also saw Mrs Joy Weston being awarded Resident of the Year. It is the ninth year that that particular award has been awarded. I know that she received it with a great deal of pride, because she comes from a family that is steeped in tradition right through Pine Rivers. Indeed, her father, Doug Dohle, was awarded Pine Rivers Citizen of the Year this year. Joy is a person who, along with other members of her family, has given back to the community tenfold what she has taken from it. She would say that is a very brash statement, because the Pine Rivers community, and now the Dayboro community in particular, has provided so much to her family. She is very proud of the Dayboro community, as they are very proud of her.

Another award that was given on the day was the small business award. I know that Scott Heathwood, the local butcher, was very proud to accept that award. With the assistance of his great staff and his mum in par-
ticular, who I know provides a great deal of assistance to his small business, he very rightly achieved that award, to be the small business of Dayboro for 2003. Scott runs a business which is very much built on the traditions of the Dayboro community and, indeed, on the Dayboro business community, because he provides good service, good products and good value for money to the people of Dayboro. I know that he was very gracious in accepting his award on the day. I commend not just Scott but the other small businesses in Dayboro who represent the same values as his butchery does. Community awards were also given on the day to Tom Williams, Neville Stewart and Neville Just. I add my congratulations to those awardees, as I did on the day, because they are also very much part of the fabric of the Dayboro community.

I am very proud as the local member to be able to represent a community such as Dayboro. It is a picturesque part of the world. It is a part of the world that has gone through some restructure through the dairy deregulation, and it is now a growing tourism region. (Time expired)

Australia Post: Postal Services

Mr RUDD (Griffith) (7.49 p.m.)—I rise tonight to highlight another example of a high-tax, low-service government which is the Howard government. We see the government’s philosophy at work in Medicare, in higher education and in families under financial pressure. We also see this philosophy at work in Telstra and, regrettably—at least in my electorate in Brisbane—in parts of the performance of Australia Post. I was recently contacted by a number of local residents about the removal of a postbox on the corner of Henderson and Banya streets in Bulimba in my electorate in Brisbane. Not long after, notices appeared on nine southside postboxes informing residents that Australia Post had decided to remove these postboxes altogether. The nominated sites for removal were the corner of Fielding Street and Nursery Road in Mount Gravatt East, the corner of Stanley Street East and Thomas Street in Coorparoo, the corner of Nurstead Street and Melbourne Street in Camp Hill, the corner of Clara Street and Wyena Street in Camp Hill, the corner of Gordon Street and Lindsay Street in Hawthorne, the corner of Main Street and Bede Street in Balmoral, the corner of Jenolan Street and McDonald Street in Hawthorne, the corner of Garrett Street and Andan Street in Murarrie and the corner of Zahel Street and Creek Street in Carina.

I have staged campaigns against the removal of local postboxes in the past and, given the uproar on the part of the southside community in Brisbane over these proposed removals, I decided once again to take this matter up with Australia Post. I wrote to local residents in each of the affected neighbourhoods to try and gauge local support for the retention of these postboxes. This included the distribution of petitions and a request for local residents to provide an indicative commitment on how many times they would be likely to use each of the threatened postboxes in a given week. I asked for this information because Australia Post has indicated to me that, to retain a postbox, it requires a minimum level of usage of 25 posted items per day. Australia Post has also indicated that the postboxes nominated for removal on Brisbane’s south side currently fall well below this level of usage. I am happy to report that the response from the community was excellent. Two hundred and thirty-four petitioners responded in the four working days between when the petitions went out and when I met again with Australia Post, and since then they have continued to flood in.
At my most recent meeting with Australia Post management we discussed the imminent removal of these local postboxes, and I presented them with all the replies from the petitions and the commitments that had been pledged. At this meeting I was informed that, as a result of the considerable community concern which had been evidenced, Australia Post was now reviewing its decision to remove these local postboxes. In practice, this means that Australia Post will regularly monitor the usage of these local postboxes over the next two weeks to determine if there is enough mail going through the boxes for them to remain viable. This is only a temporary solution but it is one that, as a community on the south side, we are working on making permanent.

Unfortunately, some residents have already had their boxes removed. Brian Daley of Bulimba told me that his local postbox was in the street for some 34 years and that, one day, the residents in and around his street were given two weeks warning before Australia Post came and ripped out the box completely. Brian said that there are lots of elderly residents in his area who now find it hard to get their mail posted. He said that, had the street been given more time, they would have been able to encourage people to use the box more and prevent its removal.

I have spoken with many local residents who have similar stories about different locations across the south side where Australia Post have decided to do a bit of cost cutting and pull out a postbox or two. I have often had disagreements with Australia Post about the way they have given little warning before removing postboxes. This process causes immense concern and problems for residents, particularly the elderly. I emphasise that Australia Post have not yet reversed their decision to remove these nine postboxes. They are merely allowing a limited extension during which they will review any increased pattern of usage. The fight against the removal of these postboxes will continue.

In relation to all communities across Australia—not just in Brisbane and not just in my electorate—I would say that the retention of basic postal services is a fundamental function of government. Local communities need to band together to ensure that Australia Post, operating under the guiding philosophy of the Howard government, retains these postal services so that residents continue to have access to them irrespective of whether or not the boxes happen to be absolutely commercially viable in a particular area. The government cannot withdraw such basic services. If they do so we, as a parliament, fail in our obligations to the community. If postal services are taken from the community, the elderly in particular will suffer.

Cook Electorate: Centenary Medals

Mr BAIRD (Cook) (7.54 p.m.)—I rise tonight to make mention of the recipients of the Centenary Medal in my electorate. There are some 71 recipients of the medal, which recognises those people who have contributed in a significant way to the welfare of others in the community. They have, through their own sacrifice, spent many long days and nights in the service of others and in furthering the aims of community organisations. Among the group in my electorate of those receiving these awards, I want to particularly single out some individuals. Firstly, there is Mr Bob Walsh, who happens to be my former history teacher. He is the chairman of the Sutherland Shire Environment Centre. He has a real passion for the environmental area that we live in. Whether he votes for me or not I do not know. He certainly is a man that we can all admire. He is in his more senior years, but his passion for the environment is great.

There is Mrs Margaret Alexander, who is the secretary of the Port Hacking Little Ath-
letics Club, which does a great job with our young people. There is Brian Bannon, who was one of my colleagues in state parliament. His involvement in the sporting community is well recognised. There is Nathan Blacklock, one of our young people. He was runner-up for Young Australian of the Year. There is Barbara Anne Bourne, who is involved in the Combined Caring Centres of Sutherland Shire, a very worthwhile group that does much to look after the elderly in our community. There is Harry Brown, who is involved in Cronulla Surf Club. He has been looking at various ways in which we can address some of the problems of beach erosion and the preservation of the sand dunes in the Cronulla area. There is Allan Cameron, who is involved with North Cronulla Surf Club. He has also been a great contributor to the surf club over many years. He recently had a surfboat named after him. He and his wife have made a great contribution to the safety of our waterways.

There is Geoff Coleman, one of the senior people in cricketing in the area and also one of our major Rotary Club participants. There is Mark Coyne, a former player with the St George club who is now on the board of the NRMA. Of course, the Prime Minister is the No. 1 ticket holder of the St George club. It is a very fine club and it has a lot of supporters in my electorate. There is Heather Mitchell. As president of Port Hacking Little Athletics she has done an outstanding job. There is Norman Oakes. He was the honorary treasurer of the Red Cross and was the treasurer of State Rail. He is also one of the leaders of the community.

There is Harry Peters, a great contributor to the rugby club. He is always there, involved, and he is a supplier of wonderful seafood. There is Barry Pierce, president of the Cronulla Sharks. There is John Raper, who is a great Australian sports icon. There is Ron Siddons. He is the president of the Rainbow Club, which assists those with disabilities. There is Michael Tynan, an outstanding businessman who is also involved in Calvary Hospital. All these people have contributed in a very significant way to my area. Of course, there are many others. I think it is important that we recognise their contribution through the Centenary Medal. I congratulate them on what they have achieved for the community.

Reynolds, Mr Matthew

Ms O’Byrne (Bass) (7.59 p.m.)—In the very short time available to me, I want to bring to the House’s attention the death of the National President of the CPSU, Matthew Reynolds, a few weeks ago. Matthew was only 38 and he died of a brain aneurysm, leaving behind his wife, Jenny, and two very young children. When I attended Matthew’s funeral last week the cathedral in Manuka
was packed to overflowing with the number of people who were there to pay tribute to his life. Matthew was a strong advocate for workers and had incredible commitment and a strong social conscience. I think that we are all the worse for his passing. I am sure the House would like to pass their condolences to his family.

The DEPUTY SPEAKER (Hon. I.R. Causley)—I thank the member for Bass. I believe that the House would want to be associated with her sentiments.

House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

- **Mr Costello** to present a bill for an act to amend the Australian Prudential Regulation Authority Act 1998, and for related purposes.

- **Dr Kemp** to present a bill for an act to amend legislation relating to ozone protection and synthetic greenhouse gas, and for related purposes.

- **Mr Williams** to present a bill for an act to amend the Acts Interpretation Act 1901, and for related purposes.
Wednesday, 4 June 2003

The DEPUTY SPEAKER (Hon. I.R. Causley) took the chair at 9.50 a.m.

STATEMENTS BY MEMBERS

Health: Suicide Prevention

Mr BEVIS (Brisbane) (9.50 a.m.)—Earlier this year I placed a question on notice to the Minister for Family and Community Services which said in part:

Over the last three financial years, what programs has the Government operated or funded through non-government organisations to assist young Australians at risk of suicide or for youth suicide prevention programs?

I was astounded to get a reply from the minister that said:

No youth programs administered by the Commonwealth Department of Family and Community Services specifically fund youth suicide prevention programs for at risk young Australians.

That is a disgrace. The fact that this government does not provide a single cent for early intervention programs for youth suicide is a tragedy. And it is a tragedy of substantial proportions.

The most recent figures on youth suicide in Australia tell us that, in 2001, 339 young people between the ages of 15 and 24 ended their own lives—they committed suicide. That is a tragedy. I am also alarmed to discover that in that year, in my home state of Queensland, some 83 people in that age bracket committed suicide. That means Queensland has the second highest fatality rate of any of the states, just behind New South Wales. Yet the federal government cannot find its way to set aside a dollar to help with youth suicide prevention programs.

This is an issue of substantial impact. In 2001, youth suicides accounted for 25 per cent of total male deaths—a staggering figure—and 16 per cent of total female deaths. During the last decade for which data is available—1991 to 2001—suicide rates peaked in 1997, when 509 young people took their own lives. Compare that with the reality on the roads where there is a massive program undertaken at all levels of government to prevent road deaths. In 2001, in that same age group—15 to 24—there were 506 deaths. In 1997 more people took their own lives through suicide than lost their lives in road accidents. In the age group 25 to 34, the next age bracket, 369 people died in road accidents. We have on the roads a carnage that we all recognise. We have suicides of young people at the same rate and we do nothing. It is time this government got fair dinkum about this problem, and allocated some money instead of sitting on its hands. I was disgusted to get from the minister a reply that said not a cent had been allocated in the last three years to this program. Let us fix the problem.

Environment: Disposable Nappies

Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (9.53 a.m.)—It has been estimated that each year about 88,000 tonnes of the municipal waste stream in the Western Sydney area alone is made up of disposable nappies. These nappies are simply being added to the landfill. They enter the waste stream through households which dump the unemptied, used products into their rubbish every day, every week of the year. This happens every day households right across the country. Disposal of these nappies creates enormous problems environmentally and in terms of known health impacts and health impacts that are still being determined. Alternatives, like the incineration of
disposable nappies, are not a good idea because of the high water content and the non-renewable components of their manufacture, as well as the associated air quality issues.

Other systems of source-separated garden organics recycling collections rely on open-air composting and cannot cope with the odour and plastic contamination problems of disposable nappies. Disposable nappies contain wood pulp, non-biodegradable plastics, super gels and untreated human waste—usually faeces. Methane and other greenhouse gases are released as the product contents break down in landfill. As well, leachates are generated as the untreated human sewage generated by Australia’s under two-year-olds sits in the landfills, encased in non-biodegradable plastics.

Many are now concerned about the health and environmental disbenefits of the tonnes of used disposable nappies accumulating in tips across the country. There have also been many studies of the effects of residues from paper pulp, with cellulose making up 70 per cent of the nappy. Then there are the non-biodegradable plastics, which include polyethylene, polypropylene and sodium polyacrylate or SPA—the superabsorbent gel wrapped close about the baby’s skin. SPA is the virtually non-degradable polymer that can hold up to 80 times its own mass in water. At this stage there is considerable debate and ongoing research about the impacts of these substances, as well as about the impacts on babies of the increased temperatures caused by the use of the waterproof wadding and the plastic of the nappies, which may be worn continuously until the child is three years old. The relationship between increased temperatures produced by disposable nappies on male gonads and the increased incidence of reduced male fertility is under very serious discussion.

For a whole host of reasons we have come to be deadly serious about the wholesale use of, and disposable systems for, the tonnes of disposable nappies used each day in Australia. Where are the biodegradable disposables that are available in other countries and that are being increasingly used, particularly in countries like the UK? We must insist that they be also available through the major distributors in Australia. As well, we have to be smarter in disposing of the nappies now available in our system. One solution could be the extraction and recycling of the supergels as soil conditioner, given their extraordinary ability to absorb water. This is now being given serious consideration by scientists, researchers and others concerned about waste disposal in the Sydney region. Applications have been made to the government to consider these options.

Hunter Electorate: Nardell Mine

Mr FITZGIBBON (Hunter) (9.56 a.m.)—Mr Deputy Speaker Scott, you will recall that in the debate last night on the Appropriation Bill (No. 1) 2003-2004 I expressed my outrage at the Macquarie Bank’s role in the closure of the Nardell mine in my electorate. I ran out of time and I want to quickly build on two points I made then. The first is in relation to the Macquarie Bank’s auditors, PricewaterhouseCoopers, who also happened to be Nardell mine’s auditors. PricewaterhouseCoopers to the year ending 30 June 2002 made $1.8 million out of audit services and another $2 million out of non-audit services to Macquarie Bank. It should also be noted that during the year ended 30 June 2002 the auditors earned more fee revenue—that is, $36,500—from providing non-audit services to Nardell Holdings than they did from performing the statutory audit, which earned them $32,500.

I was also last night referring to Macquarie’s well-known expertise in managing financial risk. Macquarie should have entered into coal and exchange rate contracts so that, if the mar-
ket price of coal and the exchange rate declined in value, the hedging contract would make a profit and compensate them for the loss. In other words, there should be no short- to medium-term change in the viability of a business resulting from adverse movements in market prices under normal circumstances. I make this point because Macquarie Bank claim that the key reasons for the closure of Nardell mine and the loss of all that money to unsecured creditors were the change in the Australian dollar and falling coal prices. The question I pose this morning is: where is the hedge contract? There are two possibilities: there was a hedge and Macquarie Bank is not fessing up to it or, alternatively, Macquarie Bank decided that the unsecured creditors and the security they had over that mining lease would be the hedge. In other words, the only people who were really at risk of taking a bath in this exercise were the unsecured creditors.

Macquarie Bank have as their corporate symbol Governor Macquarie’s holey dollar. It is very apparent to me that the Macquarie Bank see the dollar as very holy and hold it close to their hearts. I find it outrageous that they are prepared to let those unsecured creditors go on suffering while they continue to make such huge profits after deliberately using those unsecured creditors as their hedge. (Time expired)

Tourism: Phillip Island

Mr HUNT (Flinders) (9.59 a.m.)—Tourism operators on Phillip Island are hurting. I made this point when I spoke with the Minister for Small Business and Tourism, Joe Hockey, this morning. They are hurting as a result of the SARS related downturn in tourism from North Asia. We have discussed a range of initiatives, and these are detailed in written form.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! In accordance with standing order 275A, the time for members’ statements has concluded.

APPROPRIATION BILL (No. 1) 2003-2004

Second Reading

Debate resumed from 3 June, on motion by Mr Costello:

That this bill be now read a second time.

upon which Mr McMullan 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 obsession with shifting the cost of health and education from the budget to Australian families;

(2) imposing higher costs of doctors’ visits on families without concession cards and a 30 per cent hike in essential medicine prices;

(3) allowing HECS fees to rise by 30%, introducing a loan scheme with a 6% interest rate and doubling the number of places reserved for full fee paying students;

(4) its cynical attempt to distract the public from these higher costs by offering miserly tax cuts of $4 a week for the average family;

(5) its failure to address the complexity of superannuation and its determination to offer super cuts only to the wealthiest families;

(6) its willingness to deliver tax cuts to corporate Australian while imposing a record tax burden on Australian families;
(7) its failure to protect the superannuation savings of Australian families by protecting them from corporate greed;
(8) its decision to hire yet more tax officials rather than take steps to ease the BAS compliance burden on small business; and
(9) its failure to provide leadership on environmental issues and in particular its failure to address water reform”.

Mrs MAY (McPherson) (10.00 a.m.)—I rise to speak on the Appropriation Bill (No. 1) 2003-2004. The 2003-04 budget is about securing Australia’s future. It is about responsible government in Australia’s national interest. It is about a government living within its means. This government has a record of sound, responsible economic management—management that is careful, sensible and sustainable. In his budget speech, the Treasurer said:

This Budget is a further step on the journey to secure Australia’s future.

This budget covers three main areas. It is about protecting Australia’s future, securing Australia’s future and building Australia’s future. This government is able to achieve in all three areas against adverse economic and financial developments in the world’s largest economies. The Australian economy remains resilient, growing faster than most other developed economies.

Protecting Australia’s future through responsible economic management despite a weak world economy is remarkable. Our economy has continued to grow solidly, outperforming most other developed economies. Investment has surged, employment has grown strongly and inflation has remained moderate. Our growth is even more remarkable in that it has occurred while Australia has battled the most extensive drought ever. It has faced a tough year not just with drought but with fires, particularly those here in Canberra, where hundreds of homes were lost. We have seen the fallout from the Bali bombing and the SARS virus—and all this in a changed world since September 11. Yet Australia’s economy continues to grow strongly. Economic growth is forecast to be 3¼ per cent in 2003-04. The unemployment rate is expected to remain steady, and inflation is expected to be within the targeted band.

This budget delivers the government’s sixth surplus. Labor’s budget response was tax increases and eight unfunded measures which, when they are all put together, would drive the budget into deficit. Labor supports budget deficits and higher taxes. This government lives within its means. By June this year it will have paid back around $63 billion of the debt that Labor left it when it came to government. Make no mistake: the debt left by Labor is being paid by the Australian taxpayer. Labor left an outrageous legacy of debt that this government has been left to pay off. It is only through responsible, careful management that this government has been able to reduce the debt. This, of course, is a continual annual drain on taxpayer revenue that goes in interest payments to service the debt. This is taxpayers’ hard-earned money that, in effect, is just being washed down the drain to pay off the debt. But with the debt lower, the annual interest payment is reduced and there is more money to be spent on schools, road infrastructure, health, defence and family assistance, and, of course, tax cuts.

An important part of protecting our future is making sure that taxpayers’ money is used properly and efficiently, and that is why we have a surplus—a surplus of $2.2 billion. That means we can deliver tax cuts to every Australian taxpayer. On 1 July 2000, this government introduced the largest tax cuts ever to all Australians. This budget provides further relief for Australian taxpayers. Those on the other side may laugh and scoff at the tax cuts, and they are
moderate, but they are nonetheless tax cuts. They are not tax increases but tax cuts, from 1 July 2003—that is, in the next financial year. Nine million Australians will share in personal income tax cuts worth $10.7 billion over the next four years. Let us not forget that these tax cuts have been delivered after a difficult year. They have been delivered without compromising any government programs. They are being delivered while meeting the higher costs of defence, education, health and other priority programs.

These tax cuts are responsible and affordable. There is not one other country around the world reducing income taxes. There is not one Labor state government in Australia delivering tax cuts. In fact, the Queensland government brought down their budget yesterday. Surprise, surprise: no tax cuts! These personal income tax cuts demonstrate the strength of the government’s continued good management of the debt we incurred from Labor when we came to office and the strong economic growth, with low inflation and low interest rates. Our economy continues to grow. Our Australian economy has become more internationally competitive and resilient, and it is because of our strong fiscal management that nine million Australians will enjoy these tax cuts.

During the last 12 months, our nation has watched in horror as events unfolded last year in Bali. Many young Australians lost their lives in a senseless bombing attack that shocked us all and made us even more aware of our vulnerability. International terrorism was on our doorstep. The attack was very close to home, and we lost some very special Australians. When the shock wore off, the government recognised that we needed to step up our security, that we needed to protect our country and her people from these sick sorts of people. We recognised that we needed to protect our way of life and the freedoms we have probably, until now, all taken for granted. As a responsible government, we recognised that we needed to upgrade our defence capabilities. This is a priority for our government.

The Treasurer announced in this budget an extra $2.1 billion over five years in defence spending. A new special operations command will be established to provide 334 more combat and support personnel to supplement Australia’s existing special forces, including an additional commando company and a maritime terrorist capability. Our defence recruitment program will also increase in line with the white paper target of 54,000 personnel by 2010.

Our domestic security has been strengthened. As a government, we are committed to ensuring the safety and security of all Australians at home, and the budget has committed an additional $411 million over five years to continue the upgrade of our domestic security arrangements. Security will be upgraded at our shipping ports, airports and other facilities. More shipping containers will be X-rayed while improved border processing systems will be introduced. Our customs and quarantine services will continue to play a crucial role in enforcing the integrity of our borders. Australians need to know they are secure at home. I would like to assure all Australians that, as a government, we recognise the need for that assurance and we have taken positive steps with security measures that include additional funding for our defence, intelligence and law enforcement agencies to ensure they are well placed to respond to threats to our security.

My own electorate of McPherson did very well out of this year’s budget. We received confirmation in the budget papers that this government is committed to the Tugun bypass—$120 million capped towards this very important piece of road infrastructure. This once-only capped grant of $120 million is new money to the Queensland roads program and has not
been withdrawn from other federally funded projects in the state. This funding is a significant commitment by this government. The Tugun bypass is a road of national importance—a RONI—and, as we all know, these roads are the responsibility of state governments. However, the federal government recognised the significance of the project to the Gold Coast and the need to get it built. It will be a costly project, but with the federal contribution the state government should get on with the project and get the road built. The people on the southern Gold Coast have had enough excuses. They are sick of the bottlenecks and the delays in commuting. The Beattie Labor government are the project managers, and it is time they got on with the job. It is time to build the road and alleviate the transport problems in the area.

Gold Coast City has many road and transport problems. As colleagues in this House know and have heard on numerous occasions, Gold Coast City is the fastest growing city in Australia. It is now Australia’s sixth largest city, and our roads and public transport systems are inefficient and incapable of handling the population growth in our city. Just who is responsible for the lack of funds to fix the roads and the transport problems? The Beattie Labor government.

In last weekend’s *Gold Coast Bulletin* a report stated: Mayor Garry Baildon accused the Beattie government of drip feeding the council, when really it needed a big feed of road and transport funding. Planning boss, CR Sue Robbins said without more funding the council’s only option would be to cap the population if gridlock was to be avoided … and Mayor Garry Baildon agreed with her.

Even the rail service has not been completed. It stops at Robina and there is no prospect of the line being extended for another 10 years. It is time the Beattie government accepted its responsibilities with regard to Gold Coast City and ensured that public transport, roads and urgent infrastructure be given the priority they deserve.

After just three years of the new tax system and the introduction of the GST, most states are expected to receive more revenue than they would have had the government not implemented tax reform. The Beattie Labor government in Queensland have done extremely well. In 2002-03, they will receive a windfall of $80 million over and above what they expected. In 2003-04, they will receive $197 million more in revenue. What is Gold Coast City receiving, particularly for road funding? Not one dollar extra.

Yet the Beattie government is still introducing new taxes, not abolishing inefficient state taxes. With this windfall our city, the Gold Coast City, is not getting one cent more in funding for roads. It is a disgrace and it is about time the Beattie Labor government accepted its responsibility for fixing the roads on the Gold Coast and completing the rail link on the southern Gold Coast.

The federal government has helped fund the Tugun bypass with an extra $120 million over and above the original $150 million for the Pacific Highway upgrade. I commend the federal minister for transport for his commitment to the project. But it is now time for the Beattie government to put something back into the Gold Coast, to do something about the increasing bottlenecks that will see the city come to a standstill if nothing is done soon.

Everyone in this House knows that investing in our children is an investment in our country’s future. Our children are our future and this government is committed to investing in education for our children. The Treasurer announced in the budget some real reforms to Australia’s higher education system. I welcome those reforms. There has been a lot of noise from the opposition about these reforms, but the reforms will free up universities and allow them to
build on their strengths. The reforms are not about disadvantaging students; they are about opening up the system; they are about encouraging universities to increase their research capacity; they are about the government seeking significant improvements in governance and workplace relations. The reforms are not just about universities setting fees.

I would like to quote Ross Gittins from the *Sydney Morning Herald* on fees:

The university fees debate has been exaggerated to a considerable degree … You take the people who are smart enough to attend the most intellectually high-powered institutions in the country, mention a threat to their hip pocket and all the powers of rational analysis go out the window. When you look at it coolly, and assemble all the facts, you find that the Howard government’s proposed changes to university fees are not as onerous as the critics claim and they’re not unfair to students from poor families.

The reforms to higher education are needed and this government has recognised the need for change without disadvantaging anyone. Australians need the opportunity to access high quality education and institutions need the flexibility to meet those demands. The reforms include extra base funding for universities, more flexibility in setting course fees, extra funding for regional campuses, an extended higher education loans program to improve access and choice in education, more funding for scholarships over the next four years and extra funding for places in teaching and nursing.

Bond University is situated in my electorate of McPherson, and it has gained an international reputation as a first-class university for international students. The value of Australia’s international education industry is recognised by this government, and the more than 200,000 international students are earning Australia over $5 billion annually in exports.

This government will strengthen its commitment to the international education industry by investing a further $113 million over four years to ensure the quality, diversity and sustainability of the industry. Part of the funding will be used to promote education and training in the international market and $36 million will be used to establish international centres of excellence. The government will help fund these initiatives by restructuring the education services for overseas students fee and increasing the international education contribution within the student visa application charge.

I know that Bond University welcome these initiatives from the government and they will continue to attract overseas students because of their strong commitment to quality education that is recognised internationally. The new Chancellor of Bond University, Mr Trevor Rowe, supports federal education minister Brendan Nelson’s education reforms, saying:

A competitive education system would create more quality graduates and employees. Quality graduates are essential to the national economy; human capital is the most important ingredient.

This government is committed to providing accessible and affordable health care for all Australians. The Commonwealth is committed to sustaining first-rate health services with A Fairer Medicare. In this budget year the government will be spending more than $30 billion on health care. That represents around a fifth of total government spending—a huge commitment. State governments will be provided with $42 billion over five years for public hospitals. That represents real growth of 17 per cent over five years. Hopefully, with this huge injection of funds from the Commonwealth, the Beattie Labor government may see fit to direct some of this funding towards the Gold Coast Hospital—our only public hospital servicing a rapidly growing population with no increased funding.
The package of reforms with regard to A Fairer Medicare has already been introduced into the House and I hope these reforms will be supported by both houses of parliament. The reforms will certainly help my Gold Coast residents, particularly with regard to the convenience of not having to visit a Medicare office and ensuring bulk-billing for those residents on concession cards. A Fairer Medicare is fairer for all Australians and the package is fully funded, affordable and deliverable.

This budget continues to build on the strengths of the past. This government continues to provide more opportunities for people facing disadvantages that prevent them from participation in work or education. There is increased funding to improve services for those people with disabilities and there is increased funding that will help child-care services employ additional carers to support children with special needs. There is also a strong commitment in this budget to those Australians who have suffered during the worst drought this country has ever seen and more funding to help communities recover from natural disasters, including the devastating bushfires that we saw earlier this year.

Growth in real incomes and in living standards in Australia has been exceptional over the past decade. Our growth has surpassed that of many other developed countries and this budget continues to build on our strengths. The coalition government has met the challenges of the past year and will continue to meet the challenges that lie ahead, with strong, sustainable policies that will ensure that all Australians benefit from our strong economy and that business confidence continues, with solid investment despite global uncertainty. I commend the bill to the House.

Ms GRIERSON (Newcastle) (10.18 a.m.)—I have to disagree with the previous speaker, the member for McPherson, on the Appropriation Bill (No. 1) 2003-2004. The 2003-2004 budget was a real fizzer, with no sparkle, no creativity and certainly no joy for average Australians but with more wasted opportunity for nation building in this new century and more wasted opportunity to build an agenda for the future and to define what sort of country we want to be and what sort of world we see ourselves belonging to.

That is what a budget should be, not just a set of figures arranged in pie charts of portions and patronage but a tapestry telling a real story, weaving together the threads of our nation’s human effort into a complete and inspiring image of our future. I was not inspired and I do not think the people of my electorate in Newcastle were particularly excited either. They may have been frustrated and disappointed perhaps; there may even have been some shock and awe at the disregard for our city and our region shown by this government’s budget. But after seven years of this government’s neglect we are getting used to it.

Let us look at the pie chart produced by the Treasurer, Peter Costello and the Prime Minister, John Howard. I should note here yesterday’s news that the Prime Minister is here to stay. Prime Minister, be warned: the seven-year itch is a real phenomenon. Peter Costello’s got it, and the people of Australia are starting to show their discomfort as well. There are quite a few niggling irritations getting under their skin. ‘What bulk-billing?’ they ask, ‘What children overboard?’ , ‘What affordable education?’, ‘What family friendly policies?’ , ‘What weapons of mass destruction?’ It could be time very soon for the Prime Minister to do some real accounting.

But back to the budget accounting and that pie chart cooked up by the chef and his apprentice. The pie chart began with generous portions for defence and security. The Iraq war that
John Howard thought we had to have did not come cheap, and that has set us back an additional $745 million. Supposedly, the budget announced new defence funding of $2.1 billion over the next five years. In the Hunter, we are a defence friendly region, with a strong commitment to supporting the men and women of the ADF, so we anticipate some welcome increased funding to the Williamtown Air Force base and the Singleton Army base—both significant contributors to our economy and security. Hopefully, our local aerospace industry will be given a fair chance to win support contracts for planned fighter planes. We are a little anxious at present regarding naval shipbuilding opportunities in our region, so we have our fingers crossed that ADI in Newcastle are still in the race for the patrol boat tender to keep shipbuilding alive in Newcastle and maintain the high-tech skills and jobs so necessary to our economic success.

In looking at the pie portion for security, my opposition colleagues and I hope that the government will eventually become serious about the war on terrorism. We agree with the Australian public that the PM’s fridge magnets definitely were not enough to make us relaxed and comfortable. Although we would all like to see a strategic approach to security, the reality in this budget was that there was no money for regional security. Regional ports and airports, like those in my region, will not be included in the newly funded measures totalling $411 million over five years. So the constituent who wrote to tell me how shocked she was at being able to bring a Swiss army knife in through Newcastle regional airport, travelling only on regional routes, will have to remain alarmed, and the Newcastle Port Corporation and the port users of Newcastle harbour will just have to continue to be alert and foot the bill themselves for our port security. Neither the airport nor the port of Newcastle will be able to depend on Australian Federal Police support on the ground, because the government closed down their Newcastle office this year.

So there was not much for Newcastle in the security portion of the pie. But we will keep doing it our way, relying on our outstanding port users’ network and the excellent management of our regional airport, owned by Newcastle and Port Stephens councils, which have a real commitment to the region and to travellers, not just to bottom line decisions.

The next portion of the aerated whipped cream pie was those tax cuts. Although more cash in the weekly pay packet is always welcome, for more than half of my electorate those tax cuts amount to a miserly $4 a week. Get real, Treasurer! Get real, Prime Minister! When was the last time you guys did the supermarket shopping? Parliament plastic pays for your petrol, so I suppose you have no idea how much it costs to run a car these days either. And I wonder who actually pays the bills for rates, insurance, appointments with doctors and prescriptions in your household. Perhaps you do not have a mortgage or rent to pay either, but at least the Prime Minister knows the cost of accommodation in Rome now. While we are talking about accounts, perhaps the Minister for Immigration and Multicultural and Indigenous Affairs will pay a little more attention to his accounts in future. It will take more than a $4 a week tax cut to convince the voters of Newcastle that this government has their best interests at heart. A miserly $4 a week will not pay the extra Medicare copayment, the increased HECS charges or the additional costs of pharmaceuticals dished up in the health and education pie portions that are still awaiting us.

The budget pie is not exactly looking like a feast at this stage, so let us turn to the main course for most Australians—health and education—and see what these portions offer up.
This is where we see the evidence of the government’s real agenda for Australia. This is where we see the wealthiest Australians pushed forward to the front of the queue; the front of the queue for health care, the front of the queue for higher education. This is where the budget gets really tough—tough on ordinary Australian families, with the least palatable portions of all. To guarantee the complete loss of bulk-billing for average Australian families, the government proposes to bribe GPs to only bulk-bill pension and health care card recipients, leaving average families on low to middle incomes to pay a copayment set by their GP, which is only recoverable, it appears, through private insurance after paying the first $1,000: $1,000 is a new fridge every year, and I do not know many households that can afford that.

In Newcastle, bulk-billing of all or most services by local GPs has plummeted to 10 per cent, putting pressure on families and on our public hospitals. Private health insurance premiums have gone through the roof and have become unaffordable for all but the wealthy and privileged. Unfortunately, figures confirm that people are abandoning private health insurance, not because they do not want those benefits but because they just cannot afford them. Add price increases of up to 30 per cent for essential medicines on the Pharmaceutical Benefits Scheme and you can see that the cream on this pie portion seems rather rancid.

If families are supporting tertiary students they will need to find more money than ever before. Fee deregulation means universities will be able to increase fees by an additional 30 per cent above the present HECS for desired courses such as law and medicine. Places for fee-paying students can now increase to 50 per cent of course enrolments, all at the expense of less wealthy students with higher entry scores. There is not much joy for Newcastle University in that, as it draws its students from a fairly low socioeconomic area.

Although nursing and teaching will be exempt from deregulated fees, Newcastle University already turns away more than 1,000 eligible teaching applicants a year. In 2002, only 55 per cent of our students were studying full time; a seven per cent decline in just two years. But this budget goes further to make full-time studies an absolute luxury. Over the past seven years the Howard government has managed to rip out more than $5 billion from Australian universities, leaving those like the University of Newcastle managing significant debt. After seven years of neglect, the government will finally offer some increases in public funding—I think that is $67 million this year—but only if the universities agree to allow the government to apply Minister Abbott’s ‘boss from hell’ approach to muscle up on university staff. Not even the university vice-chancellors can stomach these trimmings—fortunately!

For Newcastle University in my electorate, the most surprising decision in this budget was that the government believes it no longer needs to be treated as a regional institution. That means we will attract no additional funding for carrying out regional and community programs that encourage students to undertake university studies, even though our participation rates are still too low and even though we service a vast region from the Central Coast to almost the North Coast.

In our region, attending university has not been an established part of our traditional working class culture. In my own case, my father was one of 10 children and through financial necessity left school at the age of 11. In fact I am the first person in my family to have attended university, but that is not unusual for many families in my electorate. That is why Newcastle University offers the largest enabling program in the country to assist local students in gaining access to university studies. But the Minister for Education, Science and Training, Brendan

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Nelson, that well-known university freeloader who got his medical degree at the taxpayers’ expense, decided to apply a population and distance measure to decide which universities should be able to access special regional funding instead of basing it on demonstrated need. The result: no slice of the regional pie for Newcastle University. And there is none for the Hunter Institute of TAFE either, with no additional funding and no additional apprenticeships in spite of record work force skill shortages.

So now we are into the wafer-thin pie portions. The budget does promise toughening up on social security fraud, with the Australian Federal Police assisting. We do have three Centrelink offices and a taxation office in Newcastle, but I remind you that the Howard government has closed our Australian Federal Police office, so apparently that will not apply to us, either.

To the people of Newcastle widening the F3 is welcome; it is our major link to the capital city. Increased funding to the disability services sector will be well used in Newcastle, where we have a very large number of disability pension recipients—the second highest in the country. But these pie crumbs certainly will not make much difference.

But we need to ask just what tapestry the people of Newcastle expected the government to help them weave. What story would they have liked the budget to have told for them? We have been working hard to weave this government into our tapestry, but unfortunately they again missed the point. In my electorate, perhaps the greatest threat to our community harmony and prosperity is entrenched long-term unemployment. Although we have had job and economic growth, there has been no growth at all in employment for the long-term unemployed. When we look at those graphs, we see a horizontal line. In the electorate of Newcastle the proportion of people seeking employment and unable to get a job has hovered around 10 per cent for most of the Howard government’s term of office. Youth unemployment is currently at 30 per cent.

In Australia, one in six children lives in a jobless household. That is about 860,000 children, and that figure is steadily rising. Many of these children have never experienced having parents who actually work. When we look at what the federal government has provided in the way of job creation in Newcastle, there does not seem to be much to reflect on at all. The Commonwealth Structural Adjustment Fund has created under 300 jobs, while the state government’s similar Hunter Advantage Fund has managed to completely replace the jobs lost by the BHP closure, creating over 2,000 jobs. Newcastle would like local employment solutions—not just Work for the Dole programs—that provide jobs for the long-term unemployed and disadvantaged job seekers. I urge the Minister for Employment and Workplace Relations to fund a trial of the ‘community development job guarantee’ submitted to him by the Centre of Full Employment and Equity at the Newcastle University.

The Hunter has its wish list of projects that we believe would contribute significantly to sustainable economic development. That wish list for our tapestry is agreed and well known. There have been quite a few representations to the government to be part of the Hunter pattern, but the government has apparently decided ‘not in this budget’ again. We would like to have seen funds for an improved international standard football stadium to kick-start a new sport related industry. Newcastle, the home of the Knights and the biggest football crowds in the state of New South Wales, was denied the opportunity to bid for any games in the World Cup series because our stadium was not acceptable. It is not acceptable that the state has put in its $23.6 million and the Howard government continues to contribute nothing. We need the
money now, Prime Minister, when work is about to commence, not down the political track as part of some election bribe.

We are seeking support for a multipurpose freight terminal and would like the federal government to look at—perhaps through its AusLink program—the infrastructure upgrades that would be needed to support such a multipurpose terminal. We are still optimistic about attracting a new clean steel industry in Newcastle, but financial investment in these times is very difficult to attain. Some government assurances and certainty are needed to attract that sort of investment. As for the provision of broadband services to Newcastle, unfortunately we have seen SaskTel, a Canadian firm, unable to proceed with their proposal to provide broadband services to Newcastle and the Hunter because of that lack of financial investment. The construction of the Hunter Medical Research Institute has been on the books for a long time. The community has put the money in, the state government has put the money in and, again, we have received nothing from the federal government.

I suppose we could be more patient if we thought our money was being used to provide a safety net for those who need it most. So let us look at the safety net for those people. We know that many people receive benefits. In Newcastle, there are 16,000 age pensioners, 2,000 people on the carer allowance, 10,000 people receiving the family tax benefit, nearly 11,000 people receiving rent assistance and 40,000 people on a health care card. So my electorate certainly has many people who are within that safety net. Unfortunately for many of those people, what they would really like is to get a job. Currently if they take on extra work they get slugged with effective marginal tax rates of up to 100 per cent and are likely to lose access to other benefits such as rent assistance and the family tax benefit. Instead of being encouraged to improve their work and financial situation, they are punished and given financial disincentives. That simply is not fair.

In Newcastle we are struggling to provide accessible aged care facilities for those in greatest need. Psychogeriatric services and beds for those requiring intensive care are just not available. It seems that aged care is no longer a public responsibility. This means that no-one in Newcastle has applied for those high-care beds because they are just not profitable. There are no new high-care beds in Newcastle, because providers just cannot afford them. That has pushed our aged citizens who need care further out from their homes and families.

Our older population have also seen their retirement incomes depleted by a superannuation system that has a built-in gambling element. No longer are their investments for their future assured. Fund managers are poorly regulated and are often poor performers. Income earned from retirement funds is at the whim of the stock exchange and global trends. I am sure that those who invested in Telstra and relied on that for their income were not happy to see $1 billion written off because of a poor investment in Hong Kong. That $1 billion could have been spent on improving telecommunications in Australia. But many of my citizens in Newcastle have part-time jobs. Many of them will never have a superannuation or retirement fund. Unfortunately, they are destined to become the poor of the future and will struggle.

The Leader of the Opposition has offered tax cuts and a superannuation package that would assist the majority of those receiving superannuation—a much preferable proposal than the tax cuts offered to the top earners by this government.

Although 30 per cent of the work force are women and our fertility rate continues to decline, there was little in the budget to encourage women to have children. No paid maternity
leave was introduced in this budget. Again, we will have to wait for an election period so that we can be offered those sorts of sweeteners.

The tapestry then is looking a little dull and frayed at the edges. When appraising this budget, though, we really must not forget that this is the highest taxing government we have ever experienced. We now have the GST and, of course, income tax, as well as those hidden taxes called special levies. There has been the aircraft noise levy, the firearms buyback levy, the stevedoring levy, the dairy industry adjustment levy, the Ansett levy and the sugar industry levy. Collectively those levies cost us $3 billion. In most cases they are just a consumption tax on top of the GST, our main consumption tax.

At the moment we see that the government also has its own financial difficulties: its own transport department is insolvent, the current account deficit is growing daily and is the worst we have ever experienced and foreign debt is at record levels. This is also, of course, the government that prevailed over the biggest corporate losses in Australia’s history. The government regulation function obviously has not worked very well, with HIH, One.Tel and now the Pan Pharmaceuticals fiasco costing us dearly. No wealth is created without the contribution of the men and women of Australia, and so Australians do have a very strong interest in what is in the budget for them. But, when considering what bang we actually got for our bucks in the 2003 budget, the people of Newcastle would be very entitled to say, ‘Not much.’

Mr BRENDAN O’CONNOR (Burke) (10.36 a.m.)—I rise to speak on Appropriation Bill (No. 1) 2003-2004. I think this budget highlights the very fundamental division between the two major parties in what are, in fact, the most important things that concern Australians. The fact is there is a deep divide on major issues, in particular in relation to health and education. We have, probably since 11 September 2001, lived in a rather surreal world or certainly in a world that has changed. There has been a great deal of focus after the events on that day—and indeed, the tragedy in Bali—on security, and our minds have turned to issues that are perhaps international in nature—issues that are related to domestic security. The event last week, where a disturbed individual caused some problems on a Qantas flight, showed that we are certainly living in some difficult times. People’s minds have turned away from what they traditionally would be focused upon. People’s minds ultimately will return to those things that matter most to them and their families. At the top of that list, health and education are critical. I think that the budget and, indeed, the budget reply highlighted the stark difference in the way in which the coalition government and the Labor Party would like to see this country go.

I will quickly go to a snapshot of perhaps the fundamental differences between the Treasurer’s speech and that of the Leader of the Opposition in reply. I think one would immediately be able to see those differences. The coalition government, in looking to redress the critical problems associated with Medicare and bulk-billing, have looked to ensure that bulk-billing for concession card holders would be funded, but, having done that on one hand, they have looked to reduce the funds to hospitals by the same amount. So even their efforts to fund bulk-billing have shown a failure on the part of the government by stealing, effectively, from the funds needed for public hospitals.

The fact is that there is no doubt that, as a result of the government’s policies, there are fewer doctors that bulk-bill. For any Australian family with an income over $32,000—those who are not concession card holders—that policy of the government effectively will mean that
bulk-billing will end. Clearly, there is no regard for the fundamental right in Australia for families to have universal health care.

If you contrast that sort of approach with the Leader of the Opposition’s speech in reply, you can clearly see the difference. Labor did indicate that we would not only address it but also lift the Medicare rebate for all bulk-billed consultations to 95 per cent and then to 100 per cent of the scheduled fee. That is a fundamental difference between the opposition and the government with respect to bulk-billing.

We would provide greater incentives, as outlined, to bulk-bill—far greater than any efforts made by the government. We would certainly look to protect Medicare and bulk-billing. I suppose there is no surprise there. The one thing the electorate knows is that Labor has traditionally held a very strong, unequivocal view on a universal health system. It has done since the early seventies, and it has built upon it since that period. You can see a cause and effect, essentially, in the way in which Labor governments, historically, since the early seventies, have addressed this issue—and you can compare it to the way in which coalition governments have addressed it.

The fact is that if you look at access to bulk-billing under Medicare from 1983—from the election of the Hawke government—to 1996 and the end of 13 years of rule by Labor governments, you see a steady incline in access to bulk-billing—not a fall, but an incremental progress, spreading universal access to bulk-billing to as many needy and deserving families as possible. Conversely, if you look from 2 May 1996 until now, you see a steady decline. I have to say that this is not as a result of purely external factors. There might be a few matters that the government would like to call upon to rationalise what has occurred. The reality is: this is a systemic decline, and it is as a result of policies—or the lack thereof—with respect to health in this country.

Again, it is not a surprise—there are no conspiracies—because the Prime Minister has been on record throughout his 30 years as a politician indicating his disdain and contempt for Medicare and what it stands for. He does not agree; he does not believe that ordinary Australian families should be able to find doctors readily available and accessible without paying up-front. He believes the credit card works, not the Medicare card, and that has been his approach. Indeed, therefore, no-one should be surprised—disappointed, perhaps, but not surprised—that this government has neglected Medicare deliberately. It wants it to die on the vine. It wants to kill bulk-billing and to kill Medicare. Indeed, there has been no real refutation of that. The only effort made by the Prime Minister has been to protect concession cardholders. However, as I indicated, there are those on middle and lower middle incomes who are going to suffer as a result of the efforts of this government and as a result of the contempt it shows for ordinary working families.

In my own electorate, I have spoken to numerous families in Melton and Sunbury and beyond the outer metropolitan ring in Gisborne, Woodend and Kyneton, and they do have difficulty finding doctors who will bulk-bill. They are hardworking Australian families, but they realise this government has no regard for their problems with respect to that. I met with one family in particular—Jonathan and Kathy Parkinson and their three children—at their home in Melton recently. Kathy wrote to me, and I spoke with her and her husband and family. They are a hardworking Australian family. Jonathan has never been out of work—he works hard, he does overtime, he works probably about 48 to 50 hours a week—but he has difficulty making
decisions about whether his children can go to see a GP if they are only mildly ill. That should never be an issue. That should never enter the mind of a parent. When there are problems associated with their child, parents should never have to make an economic decision as to whether they will have that child go to a general practitioner. That should never happen and, as a result of this government, that is happening. Effectively, children’s lives are being put at risk as a result of the neglect and the contemptuous attitude this government has to universal health care. And the Australian people have woken up to it. That is the most important part of this: the Australian people realise what is going on.

There is no doubt that Labor will also oppose any increased copayment for medicine. We remember last year’s budget and the efforts made then to increase those payments. We are not going to accept that. They are the most vulnerable people in society. Of course, conversely the government wants to increase patient copayments for medicines by up to 30 per cent—something we will not accept. Then we hear about the fantastic efforts made by the Treasurer in providing $4 a week—a couple of coins in the pocket—to families. He does not address health or education, but a lousy $4 a week for families is supposed to somehow make it better. Not only do we know that $4 is an insulting amount to provide to anybody but we are also aware that it does not even cover the bracket creep that is occurring. Clearly, this is a government that has no regard for families and has made a cheap shot in delivering a measly $4 tax cut. It certainly does not compensate for the problems that families are confronting in their everyday lives.

The other clear message of the budget is that the government is embarking upon its ideological pursuit to privatise education and further remove it from ordinary Australians. It has never been easy in the post-secondary area. Even growing up in my time, I can say it was never easy for many families to access university education. But it is certainly a lot easier now than it was, and it was to become easier. I was a beneficiary of Labor policies, there is no doubt about that. I do not know whether I would have been able to go to university if it had not been for the policies introduced in the early 1970s. Perhaps I would not have been able to and perhaps the Minister for Education, Science and Training would not have been able to either. Perhaps he would not have gone to university if it had not been for the Whitlam government’s policies, and perhaps the Treasurer would not have either. They were two beneficiaries of Labor government policies that allowed them access to education based on merit, not on money. But now both of them are obviously quite prepared to discard those policies to ensure that to a large extent people’s access to university is based on money and not on merit.

Not only is that inequitable and grossly unfair, it is bad for the country. What we need in this country is a system that will ensure that the best get to university. We need a system that will ensure that the people who try and the people who have the capacity will get there and a system that will ensure that we have as many entrants as possible into university. But the fact is that the system is now up for grabs. Indeed, many places are already being allocated to those who will just buy their way into university. It does not matter how capable they are: as long as they have the money, they can get into university. This is a gross reversal of the need to ensure that there is proper access for those with the capacity and for those who put in the effort.

I am not the only one who thinks this way, of course. The opposition generally thinks this way, and recently even the vice-chancellors have come out and attacked the plans of the min-
ister for education. The Australian Vice-Chancellors Committee have identified key flaws in
the Howard government’s planned changes for higher education. Indeed, in their report *Excellence and equity: foundations for the future of Australia’s universities*, the vice-chancellors challenge basic elements of the government’s plans, including the undermining of access to
university education for students from low- and middle-income families, high interest rate
student loans, study limits, tying university funding to changes in workplace relations, gov-
ernance and increased government intervention in the operation of universities. Clearly, they
have a series of fundamental objections to the way in which the minister for education and the
Howard government generally want to approach education. I would conclude that the Austra-
lian vice-chancellors have found that the Howard government’s plans would do more harm
than good to our universities.

There are key problems. Firstly, touching upon student loans, the fact is that student loans
are increasing rapidly. As a result of those increased loans, student debt is increasing at a rapid
rate. Australian students have paid a very high price for the government’s $5 billion cut to
universities and its increase in HECS fees. Indeed, according to its own figures, student debt
will have more than tripled under the Howard government. According to the latest forecast,
student HECS debt is expected to reach a record $11.5 billion by 2005-06. This budget alone
will mean $800 million of extra debt for Australian students. It can clearly be seen that there
is no regard for the difficulties that students are confronting, although not all students confront
difficulties. The government like to make comparisons between people who cannot access
education and people who can access it, thus dividing the community. But the fact is that if we
do not have a fair system that ensures that all people have the capacity and the ability to get
into university then people from low socioeconomic backgrounds will not get in. I have never
believed that there have been enough people from those areas of the community getting into
university, but these policies will reduce any likelihood of people with ability but without any
economic wherewithal to get in.

Clearly, there are some major problems, and imposing increasing debts will make students
who are considering going to university contemplate their own economic consequences. It
would be an absolute shame if the very bright, keen and capable young men and women who
would ensure this country’s industries and other areas of life were filled with well-educated,
well-informed people did not make the decision to enter post-secondary education because
they were confronted by and feared the accumulated debt that would be the consequence of
making that decision. That should never be the predominant and prevailing reason for
them not to go to university. Unfortunately, under this government it will increasingly become
so for many students. There are already problems for people with low socioeconomic back-
grounds in getting into university, and I believe that, even at best, there have always been
problems in this area. This system will certainly ensure that things become far more difficult
for these people. We reject the way in which the government has gone about privatising large
parts of the education system and, therefore, we reject those elements of the budget.

It should also be remembered that the coalition likes to prance around and argue that it is a
great economic manager. Firstly, there is debt. We hear about debt every time the Treasurer
gets to his feet in question time. He likes to talk about debt reduction. Let us just remember
that there has been $60 billion worth of public assets sold to reduce the debt. There has been
no magic trick; there has been no rabbit pulled out of the hat by the Treasurer. Effectively,
there has been a fire sale of public assets in this country. Everyone knows that. You would have
to be an idiot if you could not reduce the debt by at least $60 billion when you had sold
most of the public assets, and that is clearly the case. But what the government does not like
to talk about is the foreign debt that has accumulated as a result of this govern-
ment’s management. There has been a significant increase in foreign debt—in fact, I think
there has been a doubling of foreign debt—since the election of this government. The Prime
Minister, when he was in opposition, used to talk quite a bit about how he would reduce for-
eign debt. Not only has the government not reduced foreign debt; it has allowed it to double.
Again, it is something the government would rather not talk about, but it is an increasing
problem for this country, as indeed is the record household debt that has occurred under the
stewardship of this government.

While Treasurer Peter Costello boasts of paying off the debt, I would contend that the real-
ity is that the Howard government has transferred its debt to the backs of Australian families.
Household debt under the Howard government, with Peter Costello as Treasurer, has more
than doubled to over $600 billion. It seems he will be Treasurer at least until the next election.
Who knows what he will do? He may retire. Clearly, he looked a little upset at his news con-
ference yesterday. I offered him a hanky in the chamber. He looked very upset that Howard is
staying on, but he might recover. I am not sure that all his hangers-on will recover, though.
There seem to be a few people not wanting to make comment on the Prime Minister’s deci-
sion to stay on. I noticed the member for Sturt rushing to the back of his car. For the first time
in my life, I saw the member for Sturt not wanting to talk to the media! It was quite extraordi-
nary.

Ms Roxon—Running away from the camera!

Mr BRENDAN O’CONNOR—He was running away from the camera. He was running
away from the camera, running down towards the car and not wanting to speak. Obviously,
there are a few upset people in the government at the moment. Most important is the Treas-
urer himself. He looked very upset. We will have to wait and see whether he will be able to
continue on. One thing we notice from his comments is that he is no Paul Keating. He liked to
model himself on the former Treasurer; he liked to pretend to be something like the former
Treasurer. He used to model himself on Paul Keating; we all know that. It never came off
right. People used to call him ‘Kmart Keating’. Things were going well for him; it looked like
he was going to do well. But the fact is that this is an abysmal budget that is going to hurt
families. The Treasurer does not care; he cares only about his own ambitions. (Time expired)

Ms ROXON (Gellibrand) (10.56 a.m.)—I rise to speak on the Appropriation Bill (No. 1)
2002-2003. I know that budget reply speeches are not typically places where outrage is ex-
pressed. I know that there are disappointment, disillusionment, frustration and dissatisfaction,
and these have been customary responses since the current government has been in place. We
have seen budget after budget not deliver anything positive for families, nor for most of the
community. This year I want to place on the record of parliament my outrage over the gov-
ernment’s complete lack of action, lack of understanding and lack of credibility on two major
social issues affecting women and children: sexual assault and domestic violence.

The outrage comes not just from the depressing reality that the Howard budget again has
nothing in it to offer women and children—as there is no paid maternity leave, no fixing of
the family tax benefit system and no child-care places but attacks on Medicare, which will
hurt women and children at many different stages in their lives. On top of the run-of-the-mill Howard government neglect, we have uncovered through a close reading of this year’s budget papers—and had confirmed last week in the Senate budget estimates process—the fact that $10 million of unspent money allocated to women’s and domestic violence programs was used by the Howard government to fund the terrorism fridge magnet campaign.

The government have denied these revelations despite the clear statements in their own budget papers that make this reallocation clear. Given the government’s shamefaced preparedness to totally deny, hide or mislead on issues that they think people do not care about—and in this case the issue seems to be 52 per cent of the population, women—I want to take this opportunity to methodically set out what is in the budget papers combined with what we have learnt through the questioning of departmental officials in the budget estimates process. This story is a sad tale of underspending, neglect and disinterest. I want to read from the portfolio budget statement of the Department of the Prime Minister and Cabinet. On page 26, people will find clearly spelt out:

Unspent funds relating to the Women’s programmes are estimated to contribute $10.1m to the National Security Public Information Campaign.

It is as clear as day. It occurs several times in the papers. It makes clear that $10 million was pinched from these important programs and put into the terrorism fridge magnet campaign instead. The Prime Minister’s and Minister Vanstone’s responses have shown that they do not understand our core objection to this. The concern is not only with the diversion of funds. Even if this money were ultimately returned to the programs, as they now promise, it is of greater concern that so much money in such a small program had not been spent to start with. How is it that you manage to repeatedly not spend money in the area of domestic violence? Has the problem gone away since the time that this money was allocated? Not likely. Or is it just, as we suspect, simply not a priority for the Howard government?

In fact, last fortnight the Australian Bureau of Statistics reported on the recorded crime statistics—and the member for Eden-Monaro will probably be interested in these figures. In the past year alone, there has been a six per cent increase in reported crimes of sexual assault; and, over the last decade, there has been a 22 per cent increase in the rate of victimisation. This means that nearly 18,000 people, and at least 80 per cent of them women, were sexually assaulted and went to the police with a complaint—that is, 14,500 women, with the largest percentage of these women being between 15 and 19 years of age. I know there are many people in the community, many of whom are men and fathers, who are particularly concerned about that statistic.

The figures about domestic violence are much more difficult to uncover. Of the 160,000 assaults that were recorded by the police last year across the country, more than 40 per cent occurred in a family home. That means that 65,000 reported cases of assault were in a domestic setting. This is clearly a very serious problem, serious enough to make it clear that we still have a major social problem on our hands in this country. From what we know about domestic violence and the reluctance of many victims to report it—for a whole range of reasons, but particularly for fear of sparking even more violence—we can assume that the actual rates of assault in the home are even much higher than these very worrying statistics.

We also know that, for every instance of violence against a woman in the home, there are usually several children involved who witness either directly or indirectly the violence being
perpetrated—the blood, the bruising, the screams, the cracking of bones and the emotional violence—within the four walls that they should be able to call home. So let us dismiss outright that the government’s underspend in this area is somehow due to there being no need or no demand for education campaigns, programs or support services.

We have discovered from the Prime Minister’s own department at budget estimates in the last fortnight that, with the full knowledge of both the Prime Minister and the Minister Assisting the Prime Minister for the Status of Women, Senator Amanda Vanstone, there was a revision of the government’s budget allocation in October last year and that they actually planned to have an underspend for the year of $10 million in two program areas. In October 2002, they planned an underspend of $7.5 million in the Partnerships Against Domestic Violence initiative and an underspend of $2.6 million in the national approach against sexual assault. So, despite knowing in October last year that there was money to be used in these areas, the government could not come up with a single expenditure measure to assist the tens of thousands of women and children who are already victims of sexual assault and domestic violence or to prevent further harm to others.

This is not the first year when this underspend has occurred. Only four months into this financial year, the government signed off on changing their May budget priorities so that an underspend would be recorded and the planned programs would not go ahead. Instead of looking for a constructive way to use this money, they let eight months go by, saying nothing and doing nothing in these critical areas. This decision defies logic. The decision was also made without informing anyone, either in the community or in the parliament, that such a decision had been made. It is only now, when we have uncovered this in the portfolio budget statements, that the Prime Minister or other officials are even starting to talk about the issues.

As part of their reprioritisation of these funds, you might also be interested to know that, in last year’s budget papers, this government allocated $2.6 million to domestic violence prevention programs aimed at working with children—that is, they recognised in the budget papers of last year that children are also victims of domestic violence and are currently provided with very little, if any, assistance in dealing with the trauma of their family being torn apart by such violence.

In their secret review of program spending back in October, Minister Vanstone and the Prime Minister presumably signed off on a new set of priorities that wound back this funding from a small $2.6 million to only $500,000. Presumably, once the 2001 election was over it was no longer important for the government to proceed with its promises to women and children, and so slashing funding to this fairly marginalised area was done without blinking. It is absolutely disgusting and I think the people who are in this chamber can now understand my outrage at what the government has done.

Let me reiterate what we are talking about. In the last year alone, nearly 14,500 women reported a sexual assault. This figure includes nearly 2,500 children under the age of 10; 3,000
young women between the ages of 10 and 15; and nearly 5,000 victims between the ages of 15 and 25. As we know, these statistics are just the tip of the iceberg. These are all young girls and young women whose lives are likely to be permanently scarred, if not ruined, by the experience of sexual assault at the hands of a family friend, a relative or, in some cases, a complete stranger. These figures are staggering and shameful, yet the Howard government—ably assisted by Senator Vanstone, as the minister responsible for the women’s program spending—chose to ignore these figures and agreed that they would underspend $10.1 million only four months into this financial year.

Frankly, I cannot think of a single argument that would be acceptable to members of the public, let alone victims of rape, indecent and sexual assault, or domestic violence as to why the government should be allowed to get away with such callousness and carelessness. The bureaucrats and ministers involved, including the Prime Minister, should be ashamed not only of their priorities and decision making but of their incompetence in managing such a program. We did see, in the Senate estimates process, some suggestion that it was difficult to spend this money because other groups had to be negotiated with—other groups, it seems, like the states and territories and, of course, the community organisations. This program has been announced and running for more than four years. I think only in its first year was it able to spend the money that was allocated to it.

I do not believe—and I do not believe anybody in this chamber would accept—that a single state or territory or a single non-government organisation in this area could not come up in five minutes with a productive way to spend such a small amount of money that should be aimed at prevention programs. But it needs to be led by the Commonwealth. It is their program, their idea; but they cannot even put together a single idea to spend the money throughout the course of this financial year. That is why I am so outraged today.

Now we have the government trying to weasel out of taking responsibility for these decisions. The finance minister, Senator Minchin, when he was asked about this issue on Meet the Press on 18 May, said:

Well, that’s news to me. I did see some reference to that this morning ... And it’s not normally how these things work.

Yet, according to departmental officials on 27 May, only nine days later, in the Senate estimates process, the authorisation for spending the money for women’s programs on the fridge magnet campaign was signed off on by none other than the finance minister, Senator Minchin. It is difficult to believe either this minister’s denials or the denials of other ministers.

I have to ask: are we actually talking incompetence or cover-up? I suspect it might be a combination of both. I am very concerned that such little attention was given to the diversion of these funds by the finance minister, who was required to sign off on such a reallocation, that he could not remember that he had done it. We have to ask: does he always pay so little attention to issues that he signs off on, or is it only when it affects women and children that he happens not to be able to remember these issues? Maybe I will leave that up to the decision of others who would look more closely at the government’s record on a whole range of other areas that affect women.

Two days after this budget, Labor prepared and released a women’s budget statement response, which any member of the public or parliament can access from the ALP web site or from my web site at www.nicolaroxonmp.com. There is a litany of evidence in this budget
response that shows the government’s complete lack of interest in the needs of women and issues affecting women since it was elected in 1996.

From this year’s budget, sadly I have to say that it is pretty clear that the future for women is no better. There was no provision for paid maternity leave. There were no work and family measures to help women balance the pressures of the 21st century where they take together their primary carer roles as well as, increasingly, primary breadwinner roles. There were no new child-care places to meet the desperate shortages across the country. To top it all off, we see that in two years time there will be no more program funds for the Office of the Status of Women to administer, apart from about $700,000 per year. Just to be clear, this means that, while the government is planning to continue to get some small amount of policy advice on women’s issues from the bureaucrats in the Office of the Status of Women, it is planning to spend less than $1 million on programs, campaigns and research that affect the lives of 52 per cent of the population.

Unfortunately, when we look at the budget as a whole we see that it is not just in those specific programs, areas which the government identifies as being directed to women, that they have neglected Australian women. In the two major initiatives that the Howard government has announced in this budget, there are also hidden barbs that will have a great impact on the lives of Australian women. Those are, of course, the two issues that I primarily want to discuss: the Medicare changes and the proposed changes to the education system. What we see here affects women across a whole range of ages. Whether you are a young woman or an older woman, whether you have children, or whether you are working or at home, all of the things that you will need to do over the course of your life have just been made more difficult by this government.

The Medicare changes that have been proposed will have a huge impact on the community but they will have an even worse impact on women. Women use Medicare services across the span of their lifetimes about 50 per cent more than men. But in the crucial ages between 20 and 45 they use Medicare services twice as much as men do. Any changes that make using Medicare services more expensive or more difficult to access are going to have a significant impact on women. This has not been talked about by the government at all.

In the education portfolio, the changes that are being suggested by this government are going to not only put university education out of the reach of many young men and women living in my electorate but put it even further out of the reach of many women. The member for Eden-Monaro might shake his head, but I think if he actually went and talked to a large number of women in his electorate he would find that we do have patterns of study that are slightly different from those of men. We sometimes have breaks in our study; we often return to mature age study. If you are going to try to go back to university, you will be hit by different costs—much, much higher costs than in the past.

Quite apart from that, an issue that no-one wants to deal with on the other side of the House is that women still earn significantly less than men. The Minister for Education, Science and Training seems to have a bit of an obsession with figures. He happily stands up in question time and cites the wage advantage that tertiary graduates receive in this community. He happily reels off the figures that show that men who have been to university are likely to earn over $600,000 more than men who have not been to university. But for women the difference is in the order of $400,000. He uses that as part of his argument for making people pay more
for university—and women pay the same as men. It does not occur to him that there are going to be a huge number of people affected by this—people who do not have sufficient income to cover those costs up-front and who, in the course of their lives, will not be able to make up for the income lost or the debts that they have incurred during that time. It will also have an impact on another issue that we are already debating within the community: fertility rates.

The government has got to accept that its decisions on these issues will affect the lives of women across all walks of life. There has not been enough attention given to this and that is why I am particularly concerned about the content of the budget this time around. I am concerned that, across the whole spectrum of issues that affect women, the government is not interested in their concerns and is neglecting them. I am also particularly concerned—and I have spent most of my time talking about this today—about some small programs that the Commonwealth has completely neglected. These are programs that deal with some of the most serious issues that we face in our community—where of course it is acknowledged that the states have a lot of responsibility. But these are areas that the government announced were worth spending money on, and then, by some fiddle, it has moved elsewhere.

It is not good enough for them to respond to our uncovering this diversion of funds with lame denial. The government cannot come out and say that I do not know how to read the budget papers or that it is not how things are normally done or even, as Minister Hockey has said, that these facts are bizarre. The awful truth is that the diversion of funds is real. The Prime Minister’s budget papers show it is real. The Prime Minister’s own department confirmed it in Senate estimates in the last fortnight. It is bizarre. It is a ridiculous decision that has been made and it should never happen again. Now it is time for the Prime Minister to confess and own up. Then it is time for him to offer an apology to all those who have been affected by domestic violence and sexual assault during this past year, the year in which the Prime Minister thought no-one was going to notice $10 million going missing from programs that were specifically designed to assist victims of these disgusting crimes and—perhaps even more shockingly—designed to help prevent these incidents happening to start with.

May I place on the record that I hope that I never have to speak in this parliament again to uncover such an issue as these important programs being underspent and neglected by this government. It is not good enough. Australian women are not stupid and will not be taken for granted any longer.

Mr SNOWDON (Lingiari) (11.16 a.m.)—I rise to speak on Appropriation Bill (No. 1) 2003-2004. Firstly, I commend the member for Gellibrand for a very lucid examination of the government’s failure to address the needs of women and families. I hope that the members opposite, limited in number as they are in this particular chamber, will actually read that speech and get an appreciation of the negative impacts that this current budget has on women and families.

I want to emphasise the point that this budget and the response from the Leader of the Opposition, Simon Crean, exemplify the stark choice which exists between the approach which is adopted by the government and that which we propose in opposition. It is clear from not only the discussion from the member for Gellibrand but from previous contributions by members from this side of the House that there is an absolute clash of values here between the values of government accepting responsibility on behalf of all of the Australian community and the approach of the Prime Minister and his Treasurer in shifting the responsibility to individu-
als. It is starkest in the areas of health and education. We have seen the response from the Leader of the Opposition in his budget reply and we have seen the way in which he strode into the debate about health and the need to maintain Medicare and the way in which he strode into the debate about higher education and the need to provide fairer and better outcomes for all Australian students.

What we see here is a phalanx of budget measures which undermine the very fabric of our community. I want to relay to you an appreciation, I hope, of what these budget measures mean for people who live in Northern Australia, particularly the people of Lingiari. Just to remind you, in case you are not aware of what I am talking about, Lingiari is all of the Northern Territory, Christmas Island and the Cocos Islands except Darwin. The seat of Solomon, which is the bordering electorate within the Northern Territory, is a massive 330 square kilometres or thereabouts. The seat of Lingiari on the other hand is 1.34 million square kilometres. You will understand that there is diversity there. What you will also understand if you look at a map or if you have any appreciation of the demography of Northern Australia is that in Lingiari we have a number of major service centres, such as Katherine, Alice Springs—which is where I live—Tennant Creek, Jabiru to a lesser extent and Nhulunbuy, which provide the services for a whole plethora of communities, mostly Indigenous communities in remote parts of Australia.

In the Northern Territory there is a small but important pastoral industry—small in terms of the number of people engaged, not in terms of its value to the Northern Territory economy, because it is extremely important. There is also the mining industry, the tourism industry and a raft of other industries. The tourism industry, which I will come to later, has been most adversely affected by this government’s failure of leadership, particularly in the current crisis. Inbound tourist operators are feeling the pinch greatly as the result of a dramatic downturn in the number of overseas visitors to Australia.

Let me go back to the issue of Medicare. In many parts of Australia large numbers of people can still access bulk-billing. In the Prime Minister’s own electorate, 81.1 per cent of GP consultations are bulk-billed. The national average is 69.6 per cent. You would understand, coming from Western Sydney, Mr Deputy Speaker Mossfield, that bulk-billing is extremely important, particularly for those people who are not on high incomes. In my own electorate of Lingiari there is only one bulk-billing medical practice, in the outer Darwin area, and it is not taking on any new patients. I know the people who run that practice very well. They have been committed to bulk-billing for many years.

There is no bulk-billing private practice in Alice Springs. There is no bulk-billing private practice any more in Tennant Creek, as I understand it. This means that the residents of Alice Springs and Tennant Creek and the other remote parts of the Northern Territory are absolutely beholden to the market. A practice in Alice Springs currently charges as an up-front fee $60. A lot of people in my communities are poor. Asking them to pay $60 or $45 or $50—whatever might be charged by general practitioners—without giving them access to bulk-billing, is something which they are finding incredibly difficult. The practitioners will tell you that is not a problem because there are others who are prepared to pay it. Of course, if you have an illness in your family and you can afford to pay, you will pay because you have no choice. There is no choice for the bulk of the people who live in remote parts of Australia on the issue of bulk-billing because they do not have access to it. We know from the responses received
from the medical profession in remote parts of the Northern Territory and other remote parts of Australia that very few, if any, medical practices will take up the government’s incentives for bulk-billing.

We have two classes of medicine being practised in Australia now: medicine for those who can afford to pay and medicine for those who cannot. In the case of people who live in my own electorate, it is a case of double jeopardy—not only do you not get access to bulk-billing and you are reliant on the public hospital system; if you are above the income threshold you are required to take out private health insurance or pay an extra one per cent of your income as a Medicare levy.

There are no private hospital facilities in my electorate. The area is 1.34 million square kilometres, and there is not one private hospital facility, yet people are compelled to take out private health insurance or pay the additional one per cent. They are being compelled to pay an additional tax, either as a payment to the health insurance industry or to consolidated revenue, to underwrite the cost of private medicine for the richest people in Australia—people in Sydney and Melbourne. People who live in remote parts of Australia are feeling the pinch. That is being amplified by the failure of this government to come to terms with its responsibilities for public health and medicine and deal with the issues around bulk-billing and public health generally.

We hear some practitioners in the medical profession saying, ‘That’s okay. As long as the market will bear the costs we’re charging, that’s fine by us.’ It is not fine by me and it is not fine by the Labor Party. We have a responsibility as a nation to make sure all Australians have access to decent, quality health care. Every Australian who pays tax pays a Medicare levy in the expectation that they will have access to bulk-billing and a decent public hospital system. Yet we have seen a failure by this government to address those needs.

In the area of higher education, the minister has got the hide to tell us that people from working families who cannot get access to the course of their choosing because they do not quite get the TER score—they might be 0.1 off—and because they cannot get a HECS funded place should feel happy about the possibility of borrowing money at, on current rates, around six per cent to do the course. Let us assume that the cost of a medical degree in some universities is as high as $150,000. People who live in the parts of Australia that I come from are already faced with the responsibility of paying for the costs of education in a location outside where they live. Most people who live in rural or remote parts of Australia have no universities to attend, no courses of choice. They have to leave their home and go elsewhere. Who pays that cost? Inevitably, it is the families or the students themselves. Although the ceiling is $50,000, let us assume they get into a full fee paying course for $150,000. Whether they get the money from the government or borrow it from somewhere else, they are in debt for 150 grand. In some parts of Australia, that is the cost of a house.

Instead of having access to free education, young Australians who attend university have the privilege of paying $150,000 for the same degree that the Minister for Education, Science and Training paid nothing for. I do not see the minister offering to pay back $150,000 to Australian taxpayers for the courses that he took. He is wanting Australian taxpayers—travelling on some mythical bus of his—to accept that they should bear the costs of his education but that taxpayers generally should not bear the costs of children’s education. What sort of duplicity is this? There is no question that the proposals put forward by the government will be re-
jected by the Australian community. I note in passing that the proposals which have been put forward have not been given favour by the bulk of the universities. Clearly university students around Australia are very concerned about the propositions that are being put before them.

Another area that I want to talk about briefly is the labour market. In March this year the government announced that 109 organisations will form Job Network mark III. The announcement does not conceal the fundamental inadequacies in the system, particularly its incapacity to assist the most disadvantaged job seekers. The deficiencies in Job Network mark III are obvious. Not enough is being invested to improve job outcomes for the most disadvantaged job seekers. The Financial Review of 27 March reported that the government boasted that it had cut $2 billion from employment services over the last five years.

While the government believes that simply keeping job seekers active will lead to future employment opportunities, Labor recognises that, without relevant skills and recent experience in a mainstream workplace, job seekers will continue to find it difficult convincing employers to take them on. Job Network mark II clearly made no impact on the levels of long-term unemployment. FaCS data shows that the number of people on the dole for more than 12 months is higher today than it was when the Howard government was first elected to office. The deficiencies in Job Network remain obvious. Not enough is being invested to improve job outcomes for the most disadvantaged job seekers, particularly those lacking recent work experience in a mainstream job and/or relevant skills.

Minister Brough regularly boasts about how much money the Job Network is saving the government. This is correct. It is simply because the government is spending less on genuine assistance for the unemployed. Whereas, under the Keating Labor government, funding for employment assistance represented 0.67 per cent of GDP, under the Howard government the figure has fallen to 0.39 per cent of GDP. On an international comparison, Australia invests 43 per cent less than the OECD average on help for the unemployed. Funding for the labour market programs has been slashed by some 50 per cent. Inadequate funding has meant that those who did gain access to intensive assistance did not get the help they needed. Only five per cent of participants got any form of work experience, and only 14 per cent received vocational training. According to the Department of Employment and Workplace Relations, only 17 per cent of those who participated in intensive assistance—soon to be repackaged as customised assistance—found full-time employment. In the case of the most disadvantaged job seekers, only one in 10 found full-time work upon completing intensive assistance. The productivity commissioners found:

Many jobseekers received little or no assistance while in the apparently intensive phase of assistance. This is popularly called ‘parking’ in the industry.

As a result of these poor outcomes, job seekers are being increasingly recycled through the Job Network. Forty-nine per cent of people participating in intensive assistance had already been through the program previously. Twenty-three per cent had been through the program at least twice before, and five per cent had done it at least four times. What sort of churning is this and what sort of outcome can we argue this is in terms of the benefit to the Australian community?

In the Northern Territory, there are two very important organisations that carry out network assistance. The first of these is Julalikari Jobplace operated in Tennant Creek, which has missed out on a contract under Job Network 3. The second is Tangentyere in Alice Springs.
Those organisations are few among the Indigenous organisations providing employment services. Julalikari failed to get a new contract with the Department of Employment and Workplace Relations. Julalikari clients are overwhelmingly Indigenous and local. These clients are strongly supportive of the services that were provided by the local Indigenous organisation. The key to Julalikari’s success is the ability to provide integrated services through employment, interpreting, training, mentoring and CDEP.

Funds generated through the Indigenous employment services were spent entirely in the local communities. They provided stability to the regional economies in places as diverse as Tennant Creek and Borroloola. Economic development in these regions, as you would know, Mr Deputy Speaker Scott, is strongly influenced by the organisations’ enterprise arms that offer employment and training opportunities to Job Network participants. They are willing investors in Indigenous human capital. The services provided by Indigenous employment services take into account the range of difficulties specialist Indigenous providers face with the client base they serve. Indigenous employment providers cause social flow-on effects in their regions—Indigenous people being responsible and taking care of Indigenous people, increasing their capacity to do so into the future.

All these outcomes have now been put at risk by the failure of the government to award a contract under the Job Network 3 to Julalikari. What they have done is show a failure to appreciate the importance of Julalikari not only to the community in Tennant Creek but to the communities across the Barkly region. I remind you that we are talking of a region probably twice the size of Victoria. Now they have a Job Network provider who is based out of Mackay. This is a local Indigenous Job Network provider who is doing a very good job in terms of the community’s expectations and outcomes, yet it is not being supported by this government. We know that, where the government has felt the need to ensure that particular Job Network providers were given a contract, they made sure they were given a contract. There are stories of how Minister Abbott has railed at the department, telling people that they needed to make sure particular organisations got contracts. What I would say to the minister is, ‘If you can do it for other organisations, why couldn’t you do it for Julalikari?’ This organisation is extremely important not only to the general community around Tennant Creek and the Barkly region but also for the local economy and for improving social and employment outcomes for Indigenous people in the region.

Now we have the prospect of 16 staff who were previously employed in the Job Network provision at Julalikari losing their jobs—this in a small community where jobs are scarce. What does the government do about this? The government does absolutely nothing. It is important that the government comes to terms with the responsibility for providing job opportunities for people in Indigenous communities and remote parts of Australia.

In the Northern Territory the government have shown an absolute failure to appreciate or to understand the nature of the very small job markets in regional communities and do not know how to deal with them. They try to tell us that people in communities as diverse as Kintore, Papunya, Yuendumu, Maningrida, Galiwinku and Ngukurr are somehow properly being serviced by the arrangements that are currently in place. Everyone knows that they are not. Everyone knows that these people’s opportunities have been limited severely by the failure of the government to make sure there is an appropriate labour market investment. As I said earlier, the government have cut 50 per cent from labour market programs since they came to office.
in 1976. I have a great deal of knowledge and background in the area of labour markets and labour market programs, and I know for a fact that, with respect to the delivery of services to regional parts of my own communities in Northern Australia, the government are not providing a service. They should be ashamed of what they have done. This budget enforces the divisions in the Australian community that we in the Labor Party want to ameliorate. We want to bring Australia together, not divide it. (Time expired)

Mrs DRAPER (Makin) (11.36 a.m.)—I rise to support Appropriation Bill (No. 1) 2003-2004 and to commend the Treasurer for once again delivering a responsible budget that balances a modest tax cut with increased spending on health and education. In the context of the present difficult international situation, and on top of the worst drought this nation has ever experienced, to deliver a budget such as this is a truly remarkable achievement. This budget is the sixth in which the Howard government has delivered a surplus. Not only can we expect a surplus of $2.2 billion in 2003-04 but, because of the responsible way in which our economy has been managed since 1996, we can look forward to continuing surpluses over the next three years.

By June of this year the government will have repaid $63 billion of the $96 billion debt left to us by the Keating Labor government. This means that we are saving the Australian taxpayer around $5 billion in government interest payments every year. This is $5 billion which can be spent on our hospitals and schools and in defending the nation from terrorism. We only need to look back at the dark period of our nation’s history when Mr Keating was Prime Minister to remember the home-breaking high interest rates which flowed from the profligate manner in which Labor managed the economy as it tried to buy its way into the hearts and minds of the Australian people. One of the first tasks of the incoming Howard government was to restore good economic management and bring down home loan interest rates. I am pleased to say that keeping interest rates low remains a priority of this government. Buying a house is probably the biggest investment most families ever make, and I believe governments should always serve to assist people to become home owners. Thanks to the record low interest rates that have been delivered during the administration of this government many Australian families have been able to afford to buy their first home.

Australian families are set to benefit from the tax cuts announced by the Treasurer. From 1 July this year, every Australian taxpayer will benefit from personal income tax cuts. This practical measure, which will benefit nine million Australians, includes increases in personal income tax thresholds. These build on the tax cuts the coalition delivered in 2000, the largest income tax cuts Australia has ever had. Australia’s economy is set to grow by 3.25 per cent in 2003-04, making us one of the fastest growing economies in the developed world. Unemployment is at its lowest rate in 10 years and is expected to remain steady. More than one million jobs have been created since the government was first elected in 1996. None of this has come about by accident or sheer good fortune.

I believe no-one in the House needs to be reminded of the severe downturn in the economies of our Asian neighbours and the difficulties being experienced by our major trading partners. We have withstood the Asian economic meltdown, the slowdown in the world economy, the shocks following the terrorist attacks in America and the tragedy in Bali, the worst drought in Australia’s history, and the war in Iraq. We have not only survived but we have weathered these national and international tempests better than any other nation in the world.
I think every Australian ought to be proud of this. When students in the future study the history of this time they will know that, despite all of these obstacles, Australia and the Australian people stood tall. It is for those future Australians, as well as present Australians, that the government has set itself the task of protecting and securing our country and its economy so that we can continue to grow and provide the services and the lifestyle that are the envy of the world.

Most people I talk to in my electorate of Makin tell me that they would like to see more assistance provided to our public hospitals and health services in general. In 2003-04 the government expects to spend over $31 billion on health. This represents an increase in health spending of around 65 per cent since coming to office. The Howard government has committed to providing an extra $10 billion for Australia’s public hospitals over the next five years. We all know that our public hospitals require this extra money so that they can continue to provide us with free, high quality public health care, but the provision of this large increase in hospital funding should not be used as an excuse by the state governments to reduce their expenditures on our public hospitals.

To ensure that this does not happen the federal government is asking the states to sign the Australian health care agreement 2003-08. This will not only guarantee an extra $800 million of federal funding for public hospitals in South Australia but it will also ensure that the state publicly commits to a specified level of funding for the agreement period. The federal government is offering South Australia $3.5 million to run our public hospitals, an $800 million increase on the previous five-year agreement. The Labor government in South Australia needs to provide South Australians with an assurance that it will match this increased rate of funding and not cut its expenditure on our public hospitals.

As a former aged care nurse, I keep in close touch with the aged care homes and groups in my electorate. It has always been my strong belief that older Australians deserve to be treated with the utmost respect and dignity at all times. They helped to make this nation what it is today. You can judge the values of people by the way they treat their elders. I get very concerned when I hear people speak about older Australians as if they were a burden to us. Far from being a burden, older people are the custodians of knowledge gained from experience and they add to the vitality and strength of many Australian families.

In this year’s budget, total aged care funding has grown from $3 billion in 1995-06 to a projected $6 billion in 2003-04. The Medicare levy threshold for senior Australians will be increased to ensure that they do not pay the Medicare levy until they begin to incur an income tax liability. There will be a $17 million funding boost to community aged care packages that deliver personal care to people in their own homes. The government will provide a $58.3 million or 8.6 per cent increase to home and community care programs.

Almost 600,000 Australians received HAC services last year, including Meals on Wheels, respite care, social services, domestic help, and home modifications. Older Australians will have better access to aged care services, with $2.5 million in new funding for aged care assessment teams. This 10.5 per cent funding boost to special assessment teams will ensure that older Australians have their aged care needs assessed more quickly.
A further $51 million will flow to residential aged care providers from 1 July 2003 as part of the $311 million of new money for aged care homes announced in the 2002-03 budget. Funding for the National Respite for Carers Program will increase by seven per cent in 2003-04 to support carers who provide for family members. In the past five years, more than 57,000 new aged care places have been opened up, and the government is on target to provide 200,000 places by 2006.

The problem of crime in our community and how to stop it is of concern to us all. The Howard government have demonstrated our continuing commitment to reducing and preventing crime in the community with an additional funding boost of $4 million for the National Crime Prevention Program. This brings the government’s total investment in the program to $38 million since 1996. The Howard government make no apology for our ‘tough on crime’ approach, because we are more concerned with the victims of crime than the perpetrators. On 1 January 2003 the government’s new proceeds of crime laws came into effect. Under these laws, the courts have been given the power to freeze and confiscate assets where it can be proved on the balance of probabilities that a person has engaged in serious criminal activity. Under the Howard government, crime will not pay.

Since the government introduced the Tough on Drugs strategy in 1997, there has been an unprecedented increase in the detection and seizure of illicit drugs by the Australian Federal Police and other law enforcement agencies in Australia and overseas. More than eight tonnes of drugs have been prevented from reaching Australian streets, including more than 2,250 kilograms of heroin, 2,240 kilograms of ecstasy, 2,690 kilograms of cocaine and 960 kilograms of other amphetamines. By comparison, the five years preceding Tough on Drugs saw some 2.5 tonnes of illicit drugs seized. These record seizures of illegal drugs prove that a tough and unequivocal approach to the drug problem does work. Not only does it send a clear warning to those involved in the drug trade that they will be caught; it provides the right message to our young people, who are most at risk from drug pushers.

This is an issue in which I have taken a close personal interest in my electorate. Too many of our young people continue to flirt with death by taking illegal drugs and abusing alcohol. In my electorate, we are working hard with the community to reverse this trend. I recently participated in the launch of a free outreach service that will operate in the Makin electorate under the auspices of the Drug Awareness and Relief Movement. This volunteer service will travel throughout my electorate visiting young people and those most at risk from drugs and offering them a confidential referral and support service. In addition, a number of community forums are being organised in my electorate as part of the ‘Let’s Talk’ project for Life Education. I participated in the first of these forums at the Teatree Gully council chambers earlier this month. In this budget, the government are providing an additional $316 million over four years to the Tough on Drugs program to further reduce the importation and distribution of illicit drugs on Australian streets, and we have extended the Strengthening and Supporting Families Coping with Illicit Drug Use program to help families who have to deal with the effects of a loved one’s addiction.

The government have not forgotten the debt we owe to our military service veterans. A new agreement has been developed that will improve veterans’ access to health care. The government will make higher payments to local medical officers for treating veteran patients holding gold or white cards, bringing the total funding to $695 million in 2003-04. On top of the 100
per cent Medical Benefits Schedule fee already paid to them for this service, GPs will receive an additional $3 incentive payment for each eligible consultation. Extra funding will be made available through the continuation of the Community Care Grants Program, which provides funding for ex-service and community organisations that support veterans and war widows. Projected support includes increasing access to community services, promoting health issues and healthy lifestyles, reducing social isolation and providing support for carers. The Office of Australian War Graves will receive an additional $6.8 million over four years for the maintenance of overseas memorials, the construction of war memorials in Malaysia and New Zealand and the organisation of Anzac Day services at the Anzac commemorative site at Gallipoli.

Small businesses have also done well from this year’s budget—$2.5 million will be provided over the next two years to help Australian small businesses participate in major international projects and global supply chains. The Howard government’s popular New Apprenticeships scheme will receive $2.8 billion over four years to build on its record high number of people in training, which rose from 142,000 in December 1995 under Labor to almost 375,000 at the end of last year. In addition, the number of New Apprenticeships centres, which provide advice and assistance to small business people who are seeking an apprentice, will increase from around 300 to almost 500.

The government will continue to press for the exemption of small businesses from Labor’s job-destroying unfair dismissal laws. As another step towards this, the government has streamlined the current process by expanding the coverage of the federal unfair dismissal system. As a result, a single unfair dismissal system will operate for around 85 per cent of employees. This means reduced complexity and confusion for business owners from overlapping laws.

The strength of the Australian economy is providing small business people with greater confidence—and, as we all know, confidence breeds success. The Yellow Pages small business survey measures the confidence of 1,800 small and medium-sized businesses across Australia. The most recent survey found that 68 per cent of small to medium-sized businesses are fairly or extremely confident of their future business prosperity.

One of the key ingredients of Australia’s success as a nation is the fact that we have a highly educated and trained workforce. That is set to continue and improve under measures included in this budget. A record $15.8 billion for education, science and training in this year’s budget reinforces the Howard government’s commitment to these sectors. This major investment will guarantee our schools, universities and training providers can continue to help build Australia’s strong economic and social future.

A further $210 million has been committed in the 2003-04 budget to focus on reaching agreed national standards for literacy and numeracy and Commonwealth funding to state government schools in 2003-04 will increase by $129.6 million—a 5.5 per cent increase on the previous year and a 60 per cent increase since 1996. The government’s package Our universities: Backing Australia’s future will provide approximately $1.5 billion in additional funding for universities over the next four years.

Over the next 10 years, the commonwealth will provide more than $10 billion in new support for higher education, including an estimated $6.9 billion in additional funding to the sector and approximately $3.7 billion in financial assistance to students through new student
loans. The new higher education loans program will, from 2005, improve access to higher education. By reforming the system, students will be able to study without the need to pay any up-front fees. University students in my electorate welcome the raising of the HECS repayment threshold from $24,365 to $30,000, allowing students to earn more before having to repay HECS.

We do live in troubling times and there is great uncertainty and fear in the world. Clearly, from the measures announced by the Treasurer, the focus of the government is to protect and secure the Australian nation. With increased funding for our defence forces and security agencies we are doing more to defend the homeland. Through responsible tax cuts and increased funding on education we are sharing the benefits of good economic management with the Australian people and providing for their future prosperity. With more money going to our public hospitals we are responding to the very clear demands of our community. The measures announced in this budget protect and secure Australia in the immediate future and provide the stability and certainty required to build Australia in the long term future. I commend the bill to the House.

Ms JACKSON (Hasluck) (11.55 a.m.)—I am pleased today to speak to Appropriation Bill (No. 1) 2003-2004 and also in support of the amendment moved by the member for Fraser in his speech during the second reading debate. There are a number of issues that I want to address this morning. Can I start by saying that, after listening to some of the member for Makin’s contribution, I feel as though the two of us are examining a completely different document in our responses to the budget, our concerns and the things we choose to highlight on behalf of our electorates.

I was very interested to discover that one of the responses from people in my electorate, which I think is a good indication of there being some considerable concern about the budget, was that I had people contacting my office and speaking to me in the week’s recess immediately after the budget indicating that they were willing to forgo what I consider to be fairly miserly tax cuts—in some cases, of only $4—to ensure that some essential services remained. I also think another good indication that perhaps there is something amiss with the budget is when I have individuals in my electorate such as Mr John Davies from Forrestfield indicating that he is willing to give up his free time with his family on the weekend to continue an awareness campaign about his concerns about the proposed changes to Medicare and the decline in bulk-billing.

Frankly, it is my view that, in this year’s federal budget, we have seen far more than just the normal revenue and expenditure priorities of a federal government. What we are actually witnessing is a budget that reflects a push to fundamentally change the way in which Australian families will access essential services such as health care and education. The tradition of at least the past 20 years, whereby we have paid specific taxes such as the Medicare levy to fund access to universal health care, is over if this government’s agenda is allowed to proceed unchecked. I think it is common knowledge around here that the Prime Minister has never been a friend of Medicare, and I think we are seeing that first-hand through the dud package of Medicare reforms that has been proposed as part of this budget.

I say it is a dud Medicare reform package but, before I go to the detail, I just want to touch on some of the history of the Prime Minister’s attitude towards Medicare. We know that he campaigned throughout the 1980s and early 1990s on a public policy to destroy Medicare.
Indeed, when he was Leader of the Opposition in the 1980s, he said that Medicare was ‘a miserable, cruel fraud’. He also described it as a ‘scandal’, a ‘total and complete failure’, a ‘quagmire’, a ‘disaster’, a ‘financial monster’ and a ‘human nightmare’. He subsequently threatened to ‘pull Medicare right apart’ and to ‘get rid of the bulk-billing system’. Indeed, in 1987, the then Leader of the Opposition said in his formal election commitments:

Bulk billing will not be permitted for anyone except the pensioners and disadvantaged. Doctors will be free to charge whatever fees they choose.

Of course, some time later, we began to detect the change in the Prime Minister’s position. I think the exchange that he had with Laurie Oakes on the Sunday program on 4 June 1995 is one indication of that. When Oakes put to him:

... do you guarantee that Medicare would not be touched under a Coalition government?

the now Prime Minister responded:

We absolutely guarantee the retention of Medicare; we guarantee the retention of bulk billing ...

Oakes said:

You see, what will worry people about that: ‘the retention of Medicare’ is exactly the phrase Malcolm Fraser used about Medibank. He promised them retention of Medibank, and it went.

Howard, the Prime Minister and the then Leader of the Opposition, responded:

... Yes, well you’re questioning John Howard and nobody else, and I’m giving a guarantee that it’s not going to be changed. I’m giving a guarantee about bulk-billing ...

That guarantee was never, ever honoured by the Prime Minister and the current government. Frankly, the changes under the package, as we have seen it described in this particular budget, will do little, if anything, to save and retain bulk-billing for the majority of Australians, particularly for the majority of working families that live in my electorate of Hasluck. I think the government have been quite sneaky in the way in which they have put this proposal forward in the budget, saying that bulk-billing will still be available for all when, in reality, the government are putting in place processes that will achieve the same results that were achieved by the Fraser government during the late 1970s—that is, they intend to, and will, restrict bulk-billing to less than one-third of Australians.

It is almost a rewrite of history. If you recall what we saw 20 years ago, the Fraser government introduced a plan that provided for means tested access to public hospitals which was restricted effectively to pensioners and sickness benefit beneficiaries. The proposals that are being put in place now may see some bulk-billing still made available to that same group of people—pensioners and health care cardholders—but bulk-billing will not be available to the majority of working families in my electorate, and they are extremely worried about that.

In my speech on the appropriation in March of this year, I called on the government to address bulk-billing for Hasluck families. Indeed, over a very short period of time, in the six years in which the government has been in office, we have seen a decline in bulk-billing in my electorate of over 11 per cent. What is even more concerning is that nearly half of that decline, some 5.6 per cent, in the availability of bulk-billing has occurred in the last 12 months. We are actually seeing a rapid spiralling down of people’s access to bulk-billing doctors. It was also of significant concern to me that over the same period the out-of-pocket expense of seeing a GP had increased from $8.32 to $12.78—interestingly enough, just over $4, and you will recall that the tax cuts provided by the government in this budget are about $4 a
week. They certainly will not go far if you need to make a few visits to a general practitioner during the course of the year.

These issues are exacerbated for me, as my electorate of Hasluck is an outer metropolitan electorate and we are suffering from a significant and chronic shortage of GPs. I note—and this is perhaps something I can congratulate the government on in this budget—that the government have made some attempt to look at incentives for doctors in both outer metropolitan areas and rural areas to look at bulk-billing. But it goes nowhere near enough to ensure that bulk-billing services are retained or, indeed, do much to attract additional GP services to outer metropolitan areas.

I have had a considerable number of GPs contact my office regarding both the issue of bulk-billing and the issue of GP shortages. Earlier this year, I undertook a survey of all of the general practices in my electorate concerning these very issues. I created quite a dialogue with the doctors in the area, and many express great disappointment in the initiatives put forward in the budget and say to me that they believe these initiatives will not address or really assist the situation for GPs operating in the outer metropolitan areas. Indeed, on my understanding of the initiatives, under the government’s plan a doctor who bulk-bills pensioners and concession card holders can expect an additional $3,500 a year. That is in stark contrast to Labor’s alternative Medicare proposal which would see a GP who bulk-billed at least a target of 75 per cent in an outer metropolitan area getting an additional $32,600—quite a significant difference, we say, towards achieving reforms.

Of course, Labor’s plan is about restoring bulk-billing levels, so we have set real targets for GPs to aim for, with significant financial rewards if they achieve them. That, I hope, would encourage them and would see bulk-billing restored in inner metropolitan areas to an average of some 80 per cent, which is the target that has been set there; and 75 per cent in outer metropolitan areas, such as my own electorate, which would see close to a 10 per cent increase in the availability of bulk-billing services. In rural areas, for services that achieve a 70 per cent bulk-billing rate, it would see an increase from what is currently an average of 55 per cent.

By stark contrast, the government have not specified any targets in their proposal. Indeed, it seems more like throwing a little bit of money and hoping for the best, rather than establishing benchmarks by which people can achieve significant improvements in real service on the ground to people in the community. It is my great hope that the GPs who continue to provide a service to my constituents in Hasluck will hang in there, to use a colloquial expression. I hope none of them have to take the sorts of actions and steps that practices like the Stirk Medical Practice and the Swan Medical Group have had to take. They have either had to close their books to new patients or close general practice surgery simply because they are unable to cope with the demands in our area. I might also say that I have repeatedly made requests for the government to have another look at how they define ‘outer metropolitan areas’ on behalf of those people. As my colleague the honourable member for Canning would know, we are in an absurd situation in my electorate where suburbs such as High Wycombe and Forrestfield, which are closer to the CBD, are happily recognised as outer metropolitan suburbs, yet the suburbs of Kalamunda, Lesmurdie and Gooseberry Hill, which are further from the centre of the city, are not defined as outer metropolitan suburbs. I find that an extraordinary situation, and I know that the divisions of general practice that operate in my electorate also find it an absurd and ridiculous situation.
We continue to lobby the Minister for Health and Ageing and also our own state government to try to have that issue addressed. It is my hope that, by the time I next make a speech on the appropriations bill, I might finally be able to acknowledge that the whole of Hasluck is indeed defined as an outer metropolitan area. Certainly I hope that we can start to genuinely address the question of GP shortages within our community, as indeed all of the suburbs contained therein are areas of unmet need. I have attempted to make that one positive comment. I formally welcome the belated efforts of the government to address, at least in part, the question of GP shortages, but it is not enough. I urge the government to revisit that issue and to look at other ways in which we can ensure that services in the outer metropolitan area are restored.

Before I move off the question of health, can I also indicate my great sadness that no specific money appears to have been identified in the Commonwealth budget for the area of mental health services. I think we have a pretty reasonable national mental health policy. For the last decade, there has been a 10-year mental health plan, which was put in place to try and assist and improve services in this area. I was extremely distressed to see that no additional funding has been allocated for that plan. I do not know whether the government thinks that the 10-year mental health plan is over and it has solved the problems in that area. I think most of my colleagues would acknowledge that we are a long way short. Someone once said to me that one in five Australians is touched in some way through families with problems of mental illness. I would urge the government to perhaps reconsider that particular area of the budget.

The second big item in the budget, for which I would criticise—

Mr Randall—Mr Deputy Speaker, I seek to ask a question of the member for Hasluck.

The DEPUTY SPEAKER (Hon. B.C. Scott)—Will the honourable member allow a question?

Ms JACKSON—I am happy to, but I may need to take it on notice because I am also keen to try and get my comments in within the time allocated.

The DEPUTY SPEAKER—Would you like to take a question or not?

Ms JACKSON—I am happy to.

Mr Randall—I would like to ask the member for Hasluck a question before she moves off health issues with respect to the bill. She has mentioned Labor Party policies as an alternative. Would she support the view that is out there that the Labor Party would remove the one-third rebate for private health insurance?

Ms JACKSON—I think the member for Canning is being a bit mischievous, as he knows the federal opposition spokesperson on health has indicated that that is an area under considerable review. I would reassure the member for Canning that, if Labor were to put forward a proposal for any substantial change in this area, we would ensure that Australian families would not be out of pocket. Another of the criticisms I would make with respect to this budget is that I do not know who the government consult or where they get their ideas from on what people require, need or desire. You can bet your bottom dollar they have not been visiting ordinary community members or sitting down in the neighbourhoods where my constituents live to find out what they want. If they did, they would understand that the areas of health and education are rated most highly by our constituents; they are the two fundamental areas where the government have let them down.
Mr Lloyd—Rubbish!

Ms JACKSON—You might say that is rubbish, but I have not heard any positive comments or responses in respect of either the health or the higher education packages put forward by the government—other than, in respect of the higher education package, comments applauding it from the vice-chancellors of the eight wealthiest universities. But that has not been the response from the Australian Vice-Chancellors Committee, who only recently made comments concerning problems they foresaw with the higher education budget.

I have been through the health areas and I am now rapidly running out of time, but I indicate that there was no significant assistance in the area of higher education for people who live in my electorate of Hasluck. I have previously painted a picture of where students live and of what universities in the Western Australian metropolitan area they attend. I share with the honourable member for Canning areas of the eastern suburbs of Perth. Almost one-third of Perth’s university students have eastern suburbs postcodes attached to their permanent home addresses, and we have just one higher education place for every 5,000 residents. Compare that with the city’s leafier western suburbs, which enjoy the benefit of one place for every 20 residents. Rather than describing the higher education initiatives as backing Australia’s future, I think it is more the case that we should describe them as backing Australia’s students into debt. Educational opportunities will be determined more by postcode and bank balance than by ability and merit. It seems that this is a regular and consistent theme in the government’s two major initiatives in this budget.

There were limited initiatives in respect of vocational education and training, which is an absolutely critical area in my electorate of Hasluck. We still have a situation where only one in 10 participants in Work for the Dole programs are securing full-time employment at the completion of the program. With respect to intensive assistance, we are failing to assist three out of four unemployed people to find a job. Despite the fact that 49 per cent of participants complete the course, 23 per cent have done the course twice and five per cent have done it four times, we are still not assisting people to find ongoing employment. This budget contained no extra funds to help the long-term unemployed gain skills to secure jobs.

In the very limited time I have remaining, can I also express my dismay that there were no funding initiatives directed towards urban renewal and creating more liveable communities in both regional and metropolitan areas. I was particularly disappointed that the federal government did not see it as appropriate to support the Maddington-Kenwick sustainable initiatives program, which will benefit a number of my constituents. I will close by saying that I note we have collected nearly $31 billion in GST revenue in the last financial year. I would simply ask: what on earth have you spent it on? Whatever it is, it has not been in the interests of the community and it has certainly not been in the interests of the electors of Hasluck.

Mr LLOYD (Robertson) (12.15 p.m.)—In response to the last question from the member for Hasluck, I remind her that all GST revenue goes directly to the state governments so that they can spend the money where it is needed: education, hospitals and roads—things that are important to all the constituents. That is not what I rose today to speak on. I want to use the debate on Appropriation Bill (No. 1) 2003-2004 as an opportunity to respond to an article in the Central Coast Herald on 26 May 2003. It is an article by Phillip O’Neill, who is the Director of the Centre for Urban and Regional Studies at the University of Newcastle. At the beginning of the article, Mr O’Neill states:
Newcastle and the Central Coast are very similar urban areas, each with just over 250,000 people. I agree with the population statistics, but I believe that they are both separate regions in their own right. He goes on to say:

Each has its own regional development agency, the Hunter Economic Development Corporation (HEDC) and Business Central Coast (formerly the Central Coast Economic Development Organisation). They have two fine chief executives in Gillian Summers and Geoff Riddell, determined to do their best for the regions they serve.

I cannot speak about Gillian Summers—I have never met her—but I have worked very closely with Geoff Riddell in his position as chief executive officer, and he does an admirable job. We have a very good working relationship in trying to achieve as much federal government funding and support to the Central Coast that we possibly can. I look forward to continuing to work with Geoff. The article goes on to say:

One would think that Gillian and Geoff would be getting a helping hand from the Federal Government. You see, Australia’s boom over the past decade has been driven by the enormously successful Sydney economy and, as a result, the Federal Government coffers have been filled to overflowing by record taxation revenues.

In the past seven years the federal government has paid off a massive $63 billion in debt—he does not mention it is Labor Party debt, but I will—so it’s not been short of cash.

I dispute that because, if you use the money to pay off debt, you do not have that money. That was the Labor Party’s debt—$63 billion worth—which we had to pay off. Like anyone knows in their own household budget, if you have a massive debt you need to pay it off.

The federal government is now saving $4,000 million every year in interest payments because of the reduction in debt. That is where that money has gone. That is money that could have been spent on further expanding our infrastructure, but now that we have managed to repay it we are starting to see the benefits within our regions and in our economy. The article goes on to say:

Regions like the Central Coast and Newcastle are called on to provide the land for Sydney’s residential overflow: young couples seeking affordable houses; older couples seeking to cash in their capital gains; retirees seeking the same, and a bit of peace and quiet to boot.

This article was headed ‘Federal interest in regions goes bush’. Mr O’Neill has mentioned young couples and housing. I would like to remind Mr O’Neill that in New South Wales, including the Central Coast and Newcastle, from 1 July 2000 to April 2003, 140,000 people took advantage of the federal government’s first home buyers grant to the value of $1.085 billion. That is, just over $1,000 million has helped 140,000 families get into their first home. If that is not an interest in and an assistance to the regions, I do not know what is. The article goes on to say:

Yet the Central Coast and Newcastle areas have had miserable shares of Sydney’s jobs growth.

I do not know where Mr O’Neill gets his information from, because I am holding a copy of the Central Coast economic indicators prepared by the Central Coast Research Foundation, an independent organisation that prepares these figures twice a year for the Central Coast. I will read out the jobs growth:

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Jobs growth for Central Coast residents surged during the latter half of 2002, culminating in a new record high of 144,900 working in December. Good employment prospects seem to have encouraged more locals to enter the labour force, and as a result participation rates also increased over the period. While some of these newly created positions appear to be temporary, with 16,400 less residents employed by March 2003, at this time local businesses expressed their most optimistic hiring intentions for the coming 12 months than at any other time over the past three years. This suggests sustained regional employment growth throughout 2003.

If that is not getting a share of employment growth, I am not sure what is. The article in the Central Coast Herald continues:

Commuting to Sydney remains the best career option for many.

Meanwhile the Federal Government shows little or no interest in these issues.

I would like to remind Mr O’Neill that the federal government has allocated $86 million for the F3 Freeway, the major road link between Newcastle and Sydney, for the use of businesses that are locating on the Central Coast and Newcastle and for commuters going to Sydney and Newcastle for work. That is $86 million to widen the F3. Already, the first stage has been completed and the second stage is about to begin. That is a very important investment in the regions.

One of the other programs that the federal government has utilised on the Central Coast and Newcastle, and particularly in regions, is the Black Spots Road Program. That is an important initiative which was scrapped by the Labor government. It has enabled a number of important programs to be undertaken on the Central Coast, such as the Ocean View Road Picnic Parade roundabout costing $92,000, Wilsons Road at Terrigal for $50,000, West Street at Umina for $100,000, and Ocean View Road and Memorial Avenue at Ettalong Beach for $32,000. There was $500,000 for realigning a very dangerous section of Woy Woy Road on the Central Coast. Henry Parry Drive had $50,000 spent on it. The list goes on, and yet Phillip O’Neill has the hide to say that the federal government is not interested in regions.

I have so many examples that I could show you. There are regional assistance programs, including for Somersby Industrial Park, which is a very important employment generating area on the Central Coast. The federal government gave $20,000 to assist in attracting companies to come to the Central Coast. Other programs include: future jobs for Central Coast residents by industry, occupation and location, and the federal government provided $40,000 for that; the Central Coast fast ferry package tour project to encourage the promotion of a fast ferry service between the Central Coast and Sydney, for which $140,000 was provided; the sustainable youth employment solutions program, for which $220,000 was provided; the Central Coast aquaculture cluster, designed to create an aquaculture centre on the Central Coast, and that is a very important employment generating program; and only this month I announced $100,000 for the New South Wales Central Coast sustainable development futures program, an important program which will look at how we can continue to attract more employment to the Central Coast and how we can sustain our futures. Yet Mr O’Neill says:

Meanwhile the Federal Government shows little or no interest in these issues.

He goes on to say:
Take a browse through the Federal Government’s web site. Enter the word “cities” in the search engine and you will get references to air pollution, storm water, tourism and, wait for it—very cynically—

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a public toilet map.

I would like to advise Mr O’Neill that having a national public toilet map is something that is very important. It is amazing, since I had my own health problems with prostate cancer and the difficulties that go with that disease in incontinence and concern about those sorts of issues, the number of people who have contacted me saying that this map is important. When you want to take a person, particularly an elderly person, out for a drive one day or if you need to commute to Sydney for medical treatment, it is important for people to know where public toilet services are available. While he likes to have his little snide remark about that, it may only be a small project but it is an important project and when you encompass it with what the federal government does it shows that the federal government cares about the small issues as well as the big regional issues.

He then goes on to say:

Australia has had a chequered history of federal interest in cities. In the early 1970s, Gough Whitlam and Tom Uren had their bulldozers all across the nation, building growth centres, sewerage projects, housing schemes, rail links and the like.

What they had was their bulldozers going through the Australian economy. Phillip O’Neill holds up the Whitlam government as an example—the worst government this country has ever seen. My generation has spent its time repaying the debts and repairing the damage of the Whitlam government, and Phillip O’Neill holds it up as an example! He goes on:

Twenty years later, the Hawke-Keating governments poured more than $1 billion into revitalising Australia’s inner cities including $100 million worth of property development around Newcastle’s foreshore.

That was $1 billion that the Keating government did not have. They liked to spend money, and they practised so much economic mismanagement that they virtually destroyed this economy. They gave us an unemployment rate of 11 per cent and an interest rate of 17 per cent for home mortgages. I mentioned the 140,000 young couples in New South Wales who have been able to buy their new home with the first home buyer’s grant. The reason they could buy their first home is that interest rates are now at a record low, of around six per cent. The mismanagement of the Hawke-Keating governments and their spending of money that they did not have destroyed our economy, destroyed businesses, destroyed careers, destroyed families. One of the major reasons why I got involved in politics at that time was the damage the Hawke-Keating government was doing to this country.

I notice that Mr O’Neill does not mention anything about the federal government’s assistance packages to Newcastle. When BHP left Newcastle, the federal government poured assistance packages into Newcastle to assist it to redevelop and retrain and to attract new industries. He also does not mention anything about the $120 million per annum, just in wages, from the Williamtown RAAF base. Of course, that $120 million flows directly into the economy of Newcastle and its businesses. It is very important. This is all federal government support. Mr O’Neill goes on to say:

In the recent budget, our local university campuses were denied special regional funding because the regions were defined as urban areas with fewer than 250,000 people.

The main campuses of the University of Wollongong and the University of Newcastle are both located in large population centres, but the government will be asking both institutions, along with others, to nominate their regional campuses, such as the Ourimbah campus on the
Central Coast of New South Wales, and to provide information about these campuses in the latter half of the year to determine allocations within this initiative. The current list is indicative only and there will be every opportunity for Newcastle University and the Ourimbah campus to put forward their cases.

It must be remembered that this is only one element of the government’s $10 billion 10-year reform package for education. Institutions including the University of Newcastle are set to benefit from a range of initiatives, including the $400 million in additional funding to the institution’s base operations; the 31,500 Commonwealth supported university places, including new places for teaching and nursing—both important careers and certainly in demand in areas such as Newcastle and the Central Coast—an additional $188 million for a range of teaching and learning initiatives to reward quality teaching; additional funding to assist institutions in their support of students from equity groups and students with disabilities; 25,000 new scholarships for students from rural and regional and low-income backgrounds over the next four years; the raising of the HECS repayment threshold from $24,365 to $30,000, and the new loans scheme to support students through their studies. Mr O’Neill does not make any comment about those initiatives, which will directly assist the University of Newcastle and the Ourimbah campus. Phillip O’Neill goes on to say in the article:

Over the same period Transport and Regional Services Minister John Anderson has scaled back the Government’s regional affairs interests.

Nothing could be further from the truth. Under Wilson Tuckey’s regional services ministry, some of the programs that we have for regions such as the Central Coast include the black spot program, the ex gratia disaster relief packages and financial assistance grants to local government. Local government and people like Phillip O’Neill are loath to mention such things as the financial assistance grants to councils. Gosford City Council covers most of my electorate. In 1996-97 it received $6,822,000. Every year since then that rate has increased. In 2002-03 Gosford City Council will receive $7,937,476 just in financial assistance grants. Some of it is road funding. Most of it is untied to assist the councils with development in their regions.

There are so many other different programs that I could name; time will not permit me to go through all the details. The Roads to Recovery program, which was very important on the Central Coast of New South Wales, was scrapped by the Labor Party. We had to reintroduce it. The Roads to Recovery program is an excellent program to which the Commonwealth committed $1.2 billion over four years. On the Central Coast in 2001-02 there was $3,903,050 to help with the reconstruction of some of the local roads. There is the federal government’s Regional Flood Mitigation Program. In 1997-98, $500,000 went towards flood mitigation in Erina and Narrara. In 1999-2000 Gosford City Council received $1,120,000 for regional flood mitigation. In 2001-02, $160,000 went towards assisting with the purchase of properties in flood prone areas. Only recently I announced that the federal government has provided $170,700 in funding for the Hanlon Street South culvert upgrade in Narrara Creek, a very important initiative which will allow the school students in particular who come from the Narrara High School to access that area during flood times.

A lot of people do not realise that the federal government pours a huge amount of money into our environment. In his article Mr O’Neill mentions that the Central Coast waterways could be cleaner than they are. Certainly we are making great inroads in this regard. I will go
through some of the environment funding that the federal government has provided to the Central Coast. The Central Coast Riparian Rehabilitation Project ran from 1998 to 2003. The total value of those works was $2,061,062. There were 20 sites and about 1,000 volunteers and professionals involved in that project. The Central Coast Waterwatch program has been in operation since the year 2000. So far the value of that work is $332,438. Participating in the program are 53 schools, 18 community groups and more than 4,000 people. Then there is Central Coast Landcare Support 2002, to which the Natural Heritage Trust gave $122,000. The total value of those works was $350,000. There were 50 groups and more than 500 people involved in that. The Natural Heritage Trust gave funding of $83,800 to Central Coast Wildlife Corridors 2002, which enabled work to be undertaken to the value of $399,000. Those are just some of the examples.

Let us look at what the federal government is doing for the Central Coast in the area of aged care. The federal government is currently providing over $38 million a year in recurrent funding in my electorate of Robertson alone for aged care. Over the past four years an additional 1,275 aged care places have been allocated to the Central Coast planning region. Those places are worth $17.6 million. The people of Robertson will share another 120 aged care places and 20 extended aged care home packages which have been allocated to Central Coast planning this year. They are examples of what the federal government is doing for the Central Coast and what it is doing for regions all over Australia. The third last paragraph of this article states:

So Gillian and Geoff—
referring to Gillian Summers Geoff Riddell—
as far as the feds are concerned you’re are pretty much on your own.
Nothing could be further from the truth. I know that Geoff Riddell knows that he is not on his own. The Central Coast people are not on their own. The federal government is there with them. I certainly am working with my community to ensure that federal government funding continues to flow through to the Central Coast. The final paragraph of this article states:

Then again maybe our local federal politicians will wake from their slumber.
I have never met Phillip O’Neill—I am not sure if he has ever been to the Central Coast—but I suggest that maybe he should wake from his slumber in Newcastle and take a trip to the Central Coast to see what is really going on in our area. Maybe he will be surprised about the support the federal government is giving to the Central Coast.

Ms KING (Ballarat) (12.35 p.m.)—I rise to speak on the Appropriation Bill (No. 1) 2003-2004, which seeks to appropriate $40 billion from the consolidated revenue for the ordinary business of government. It is obviously much more than a bill about the transfer of revenue; it is also a statement of the government’s priorities for the next financial and ensuing years. The Prime Minister’s campaign slogan in 1996 was ‘For all of us’. It has become increasingly clear, over the course of this government, that really the Prime Minister is only ‘for some of us’.

The government has the responsibility of looking after all Australians. It has a responsibility to distribute the money raised from taxes from the hardworking people of my electorate in a way that makes life better for all of them. It has a responsibility to allocate resources to deliver services to all Australians. It has a responsibility to ensure that all Australians, regardless
of their economic background, have the chance to be educated and have access to high-quality health care and job opportunities. It has a responsibility to ensure that those who are worse off in our community are given additional assistance.

However, the budget measures announced by the Treasurer show that the government has failed miserably in this responsibility. It has become, over the course of its time in power, the highest taxing government in our history whilst clawing back on our services. It has looked after the big end of town at the expense of those in the middle and at the expense of those who are worse off in our community.

I support the shadow Treasurer’s second reading amendment. I particularly want to focus on the government’s obsession with shifting the cost of health and education from the budget to Australian families—imposing not only higher costs of doctor visits on families without concession cards but also a 30 per cent hike in essential medicine prices—and on its willingness to deliver tax cuts to corporate Australia while imposing a record tax burden on Australian families. There has been a great deal of backslapping and grandstanding going on on the other side of this chamber regarding the budget. Government members have stood in this place and praised a budget that will do nothing for Australian families. We have already seen exposed the fact that some of the figures in this budget are wrong. The Minister for Finance and Administration has admitted that Telstra’s value has been overstated by $7 billion in the budget papers. It is for this reason that the Joint Committee of Public Accounts and Audit, of which I am a member, has continued to recommend that the legal requirement for the Auditor-General to audit the budget outcomes be reinstated.

One of the reasons why the government refuses to do this is that the Audit Office clearly, and in accordance with agreed accounting standards, counts the GST as a Commonwealth tax, and when it is included in the budget figures it clearly shows that this government is the highest taxing government in our history. This is a government that has hit families in my electorate with increased taxes from bracket creep, the sugar tax, the Ansett levy and a plethora of other hidden taxes and levies. This is a government that has introduced the largest tax in Australia’s history—the GST. It has introduced a new tax system that has wrapped small business in red tape and reaps $1,478 from every individual in my electorate, from every person in Wendouree West, Sebastopol and Delacombe. Every household from Trentham to Haddon and Clunes to Bacchus Marsh is paying an average of $4,500 more in income tax than when the Prime Minister and the Treasurer came to power in 1996.

What does the government give to Australians after reaping the largest amount of taxation in Australia’s history? It gives Australians a commitment to prop up the top end of town. The government proposes in this budget $300 million in tax cuts to multinational corporations. At the same time that many superannuants are coming to terms with the drop in their superannuation accounts due to difficulties in the international share market and investment opportunities, the government gives a superannuation tax cut to the top few per cent. Not ending there, the government deems it necessary to reward the top executives of town who receive those massive golden handshakes and bonuses. Those executives receive tax subsidies on their payouts. All the government can give the majority of taxpayers in my electorate is $4 a week. This is $4 a week from the government that has given $300 million to multinational corporations, and tax credits to corporate executives. This is $4 from the government that has increased taxes of Ballarat families by over $4,500 since it came to power.
I want to turn to the issue of health care. Medicare is the last great hurdle that the Howard government plans to overcome in order to fully implement its conservative agenda in Australia. The proposed changes to Medicare should be of concern to every family in my electorate. There can be no doubt that the Howard government has plans to dismantle Medicare. John Howard is ideologically opposed to Medicare. In successive guises, the Prime Minister has declared his plans for Medicare. As a Treasurer in the Fraser government, John Howard prepared a model that directly reflects his current plans to restrict Medicare to concession card holders and pensioners. When Leader of the Opposition in the 1980s, he sought to destroy Medicare—he said it was a rort; he wanted to rip it up and tear it apart.

As part of his 1987 election manifesto, John Howard took to the election the policy of reducing the universality to concession card holders and pensioners. In that same commitment he argued that free visits to hospitals should be restricted to pensioners and concession card holders, whilst everyone else had the option of paying for their own health and access to health services. Again, in 1993 when the now Prime Minister was part of the shadow ministry of the then Leader of the Opposition, Dr Hewson, the Liberal Party adopted the same proposals for Medicare that we see before the House today.

In 1996 we saw what could be perceived as a miraculous backflip from the Prime Minister, who attempted to reinvent his position on Medicare. The Prime Minister made commitment on commitment that Medicare and bulk-billing would stay. He said to the Australian people and to the people in my electorate that, under his government, Medicare and bulk-billing would not be touched. He repeated this commitment in the 1998 and 2001 federal elections—yet in 2003 the Prime Minister has broken his promise. It is not surprising that he has followed this path; since the 1970s he has been committed to the destruction of Medicare and now his plans have been placed on the table.

However, whilst the plans are now laid out before the Australian people, the Howard government has slowly been eroding Medicare and bulk-billing since it came to power in 1996. When the Labor Party left office in 1996, national bulk-billing rates were at an all-time high—80 per cent of doctors bulk-billed. Figures released in the last couple of weeks show that the national bulk-billing rate has dropped to 68.5 per cent. In all outer metropolitan, regional and rural areas the percentage has dropped even further.

Every year since the Howard government came to power, bulk-billing rates have dropped in my electorate. The percentage of doctors who bulk-bill has dropped to 52.8 per cent in my electorate and is rapidly declining. In December 2000 the bulk-billing rate for Ballarat was 62.8 per cent—a decline of 10 per cent in only two years. There is nothing in the government’s package that will stop the decline in bulk-billing in my electorate. Families in my electorate are already paying more for their visits to the doctor—on average, it is now up to $11 a visit.

In its Medicare package, the government has made it easier for doctors to increase their fees by allowing doctors to split the patient rebate from any copayment. It effectively gives the green light to increases in doctors’ charges for families in my electorate. If you are a family in Ballarat and you earn $32,000, $40,000 or $50,000, you will be hit by these changes. Visit by visit you will be paying more to go to the doctor. What the government has allowed is for families to take out private health insurance to cover the cost of gap payments of $1,000 or more. This, in itself, is an express acknowledgement that costs for GPs will go up. It is an ac-
knowledgement that this proposal can only be inflationary, and it introduces, for the first time, private health insurance as far as GP costs are concerned.

We know that when people cannot afford to go to a general practitioner they end up in the public hospital system; they can end up in the hospital emergency departments—departments that are already under pressure. The real sting in the tail of this budget is that the government has actually cut future funding to public hospitals in order to fund its Medicare package. A comparison of the forward estimates from the last budget with this year’s budget shows funding for the Australian health care agreements, which fund our public hospitals, between the Commonwealth and the states is down by $918 million over four years. So what the government has done is take $917 million from the states to fund its campaign to destroy Medicare. That is lost money for public hospitals in my electorate such as the Ballarat Base Hospital and Dejeriwarra Health Service.

Ballarat has had a strong reputation for higher education over the past 130 years. We have hosted some of Australia’s finest higher education institutes. Most recently, the opening of our Camp Street arts precinct in 2001 created a learning space for the arts and an arts campus that rivals other arts campuses across Australia. But in the past 130 years our town has never been under such threat in relation to higher education. Under the reforms outlined by the federal government, the options for Ballarat families sending their children to university are going to diminish. These plans do little more than attempt to remedy the mess the government has created in Australia’s higher education system over the past seven years. Since its election in 1996, the federal government has slashed higher education funding by $5 billion, including $50 million that was taken from the University of Ballarat. That is $50 million that could have been spent on scholarships for students from underprivileged backgrounds, that could have been spent on more university staff and that could have gone towards upgrading equipment, including high-speed broadband Internet access for the University of Ballarat.

What this government is attempting to do is create a smokescreen. On the one hand, it removes $50 million from our local university and then puts back just $68 million for the entire country in 2004. This goes nowhere near filling the funding black hole faced by our regional universities. On the other hand, the federal government is attempting to shift the cost of providing a university education from its own coffers onto the shoulders of low- and middle-income families in Ballarat. Under the current federal government, Australian students already pay some of the highest university study costs in the world. Even before the federal budget, student fees under HECS were up an average of 85 per cent from 1996. The proposals outlined by the federal government would allow Australian universities to increase HECS fees by 30 per cent. By 2005 the HECS debt for students and their families could increase by an average of $1,650 per year. This would mean an extra $32 of debt per week for students and their families.

The federal government is also proposing to introduce a five-year learning limit, which will mean that students can only access a HECS place at university for five years unless the minimum length of their course is longer. If a degree is not completed in that time, they will be hit with large fees and a huge debt. So much, also, for the availability of HECS places for mature aged students who wish to return to university for postgraduate study. At the same time, the government has opened the way for an increase in the number of full fee paying places. These places will be open to students based on how much they can pay rather than on their ability.
order to help students and their families pay for these places, which can cost up to $150,000 for medical degrees, the federal government plans to offer $50,000 loans at six per cent interest. Not many families I know would be able to find up to $100,000 to cover the difference between the loan and the cost of full-fee degrees, let alone contemplate having an extra $16,000 in interest to pay on top of the $50,000 loan.

This year 20,000 qualified students missed out on a university place because of the federal government’s higher education funding cuts but, instead of addressing the enormous unmet demand, the government’s budget adds just 444 new student places. The paltry increase in places needs to be considered in context. Each year 170,000 students enter university. There is no guarantee in this budget package about where the new university places are going to go. The University of Ballarat is currently overenrolled by 350 places and is already in the process of closing courses and reallocating HECS places. Under this government’s regime, the university will face harsh financial penalties if it does not cut these places. I want a guarantee from this government that the 350 places the University of Ballarat is overenrolled by will be staying at the university. There is nothing in the reforms that will even attempt to meet the hopes of the talented young Australians who are turned away from Australian universities each year. Their only hope is that their parents can afford to help them buy a full-fee place or assist them to get a $50,000 student loan, a loan that will leave them carrying tens of thousands of dollars of debt for decades to come. There is only one winner under these reforms. That winner is not low- and middle-income families, and it is not the University of Ballarat; it is the federal government as it moves to shift the cost of university education onto low- and middle-income families in my electorate.

Being one of the many members on our side of the House who represent regional areas, I want to focus on what the government has done to regional programs. On the surface of it, in merging the Regional Solutions Program and the RAP and RTC programs into the Regional Partnerships program the government appears to have done a sensible thing. Certainly this was the policy that Labor went into the last election with. But, if you look at the budget papers, you will see that the federal government has slashed $17 million out of those regional programs. Many communities have come to rely on these programs to implement ideas to boost their local economies. We heard during the election campaign how this funding was politicised, with large proportions of the funding available under Regional Solutions going to areas such as Wide Bay, but now it would appear the government has actually cut the program by $17 million.

For people living in regional Australia, one of the most important pieces of infrastructure is roads. Through the heart of my electorate runs a national highway. It is the main transport route from Melbourne to Adelaide. All the towns along this national highway rely on it to keep their local economies thriving. The government, through their AusLink paper and this budget, are signaling that they are going to abrogate their responsibilities for national highways. There is no funding allocated in this budget for the upgrading and maintenance of national highways. I am absolutely floored by the government’s hypocrisy as they claim to be outraged by the Victorian state government’s decision to use a private-public partnership to fund the Scoresby Freeway—a decision that had to be taken because of the Kennett government’s failed public transport privatisation, which has left the state financially vulnerable—at
the same time as opening up under their AusLink proposals the very real possibility that any upgrades to the national highway in my electorate could be toll roads.

There are two pieces of transport infrastructure in my electorate that desperately need attention. They are the Deer Park bypass and Anthony’s Cutting. We have had 14 people die over the last few years on that stretch of road alone. The government has not earmarked any further funding for this vital piece of road and has opened up the possibility of any upgrades being subject to tolls. It is total hypocrisy of the government to be objecting to tolls on the Scoresby Freeway at the same time as opening up the possibility of tolls on national highways such as the Western Highway.

This government has failed tourism operators in my electorate. Many tourism operators in my electorate are experiencing difficulties because of SARS and the increased terrorism threat globally. One operator in particular, Sovereign Hill, relies heavily on overseas tourists. Close to a quarter of the visitors to this Ballarat tourist attraction are from overseas. What has this government done for this operator? Absolutely nothing. It has not stepped forward with a plan in this budget to address the problems of the reduction in overseas tourism numbers. It has not produced the green paper which was promised for the end of May; apparently it was promised for a few months earlier than that as well. We are looking forward to seeing not just the detail but some funding to go with it.

The Prime Minister said that the further privatisation of Telstra would not be considered until telecommunication services in rural and regional Australia were up to scratch. I can advise the Prime Minister that his plans for the full privatisation of Telstra must be a very long way off, because nothing in this budget will go any way close to fixing the problems of telecommunications in my electorate. The fact that he continues to include the sale of Telstra in the budget figures indicates to me that he does not care a great deal about the quality of the service in rural and regional Australia; he cares only about how much he gets for the asset when he sells it off. There was nothing in this budget to extend mobile telephone communications in my electorate. The residents of Blampied are still awaiting the fulfillment of the promise of a mobile phone tower in their area. Access to ADSL broadband Internet services remains on the drawing board for many of the residents across the electorate.

In his budget reply, the Leader of the Opposition laid down our first down payment for saving Medicare, committing to higher education, cutting tax on superannuation, ending the tax advantage given to companies who grant excessive golden handshakes and saving one of our most important waterways. The AMA, divisions of general practice and health consumer groups have welcomed our Medicare package as a much better alternative to that proposed by the government. Our plan to save the Murray has been heralded as exactly the sort of nation building that is needed in this country. Our plans to cut super tax—and not just for the wealthy—have been widely welcomed. Labor have laid down the first steps to building this country into his image of how he thinks it should be.

I said at the start of this speech that this bill is very much about priorities. It is becoming increasingly clear that this government has its priorities wrong. It is a government that is consumed by its own self-interest. It is a government that is more interested in looking after its mates than in governing for all Australians. Australians correctly expect that they will have their taxes used to expand opportunities for all, not a narrow, privileged minority in Australia.
Australians want their taxes spent on building opportunities, not on limiting them. They want their taxes spent on improving their lives, not on making life harder. The Howard government stands condemned for a budget that delivers neither vision nor commitment to nation building or to the provision of services that Australians expect in return for the taxes that they pay. I support the second reading amendment.

FRAN BAILEY (McEwen—Parliamentary Secretary to the Minister for Defence) (12.55 p.m.)—I rise to speak on Appropriation Bill (No. 1) 2003-2004. This is the eighth in a series of responsive and committed federal budgets, one that builds on the effective policy and sound work demonstrated over and over again since the election of the Howard government in 1996. My congratulations to the federal Treasurer, who has produced yet another comprehensive and responsible budget complete with tax cuts, a measure certainly appreciated within all of the communities of my electorate of McEwen.

This federal budget has achieved a remarkable balance. It is responsive to our international and domestic security responsibilities at the same time as it recognises our domestic requirements and the wider needs of our families. It remains committed to job creation and higher education opportunities for young people, it provides ongoing assistance to our drought affected farmers and it delivers on environment preservation initiatives. More than ever, it recognises and provides new opportunities for our rural communities through the newly established regional partnerships. This budget also builds on the success of previous budgets in reducing the massive Labor debt we inherited when we came to office in 1996. The Howard government has now repaid $63 billion of that debt. This in itself is a remarkable achievement. In fact, this government has demonstrated yet again expert economic management in delivering a $2.2 billion dollar surplus and tax cuts at the same time as many other world economies are stalling or going backwards. This extraordinary resilience is a characteristic of the responsible economic management we have come to expect from this government. In fact, it has become the hallmark of the Howard government.

In spite of the continued threat of terrorism, the international economic downturn, the worst drought in our history, the recent threat from SARS and our involvement in the disarmament of Iraq, economic growth remains forecast at 3¼ per cent in 2003-04. Strong economic fundamentals and supportive policy have enabled us to continue to operate in a low inflation, low unemployment and low interest rate environment. In real terms, this means that small business operators assured of continuing low interest rates can invest in new value adding infrastructure. Importantly, that means jobs in areas like my electorate. Young people can have access to career paths, with many learning new skills on the job, companies can be positive about the future and young couples can, for the first time, actually afford to buy their first home because they have been given a helping hand with the first home owners grant.

The effectiveness of low inflation and a genuine surplus cannot be overestimated. The Daily Telegraph recognised the value of the economic trifecta in its editorial on May 14. It said:

The Budget surplus should be hailed as a worthy achievement because it protects low interest rates which are as important to ordinary Australians as low taxes.

Australia continues to be one of the best economic performers in the world. We are continuing to build for the future on these solid foundations and to deliver the services that people need into every sector of our society.
This budget outlines a range of measures building on job creation and education opportunities that will ensure in particular that young people are given every opportunity to develop their full potential. Reforms to higher education in particular will ensure our world-class university system remains viable and accessible to everyone who wants a tertiary education, with acceptance to universities decided on, importantly, individual merit. This will be ensured with a new higher education loans program that will provide low fee loans direct to high achieving students who previously could not attend university because of the cost. To overcome this, we will channel more than $1.5 billion into our universities over the next four years. This will grow to an extra $870 million each year once fully implemented.

Cost relief for local families of tertiary students will also come in the form of increased spending on regional universities and, in particular, accommodation scholarships to help rural students. More than $123 million will be spent at regional university campuses in addition to a further $184 million package of accommodation and education scholarships and equity initiatives over the next four years. Accommodation scholarships in particular are good news for local families in my electorate because the cost burden of supporting children living away from home to undertake tertiary studies can be enormous. As the mother of two daughters living in a small rural area, I am only too well aware of the cost of having your children go away to college. However, this government recognises that not all young people are necessarily suited to nor desire a university education. A further $3.6 billion will be spent developing even more responsive and flexible vocational training opportunities, and a further $210 million will be used to deliver better learning outcomes for disadvantaged students.

The funding we have provided in successive budgets for vocational education and training has been one of the most significant changes in education funding and outcomes. From talking to teachers across my electorate, this increase in funding for vocational education and training has filled an increasing need in our schools. Many more of our young people now feel that school has something real to offer them. Vocational education and training provides that important link for them between school and the workplace. These measures will ensure an even stronger education system in the future.

Farmers in my electorate have welcomed the recent declaration of local areas as ‘exceptional circumstances’. We remain committed to helping our farmers through our worst drought on record. The government have provided $740 million over three years through direct financial assistance, personal counselling, employment services and, importantly, tax relief. Farmers in the shires of Mitchell, Murrindindee and Macedon Ranges are now entitled to apply for income support through Centrelink and for interest rate subsidies of up to $100,000 a year for two years. Ongoing support will also be available to anyone operating a small business who can prove a significant downturn in profits because of the drought. Sadly, I have many of these small businesses in my electorate. This is a very important initiative and outcome for those farmers, their families and their communities who have been doing it so tough. While their prayers may not yet have been answered through sustained rains, this necessary and practical support will certainly help them back on their feet and keep them going until good, solid, soaking rains can replenish dams and areas, in particular Lake Eildon.

Individual farmers are not the only ones to herald this commitment from the federal government. The Victorian Farmers Federation have also given the drought relief package the thumbs up. On 13 May this year, they said:
In the absence of breaking rains, the Federal Government’s drought relief package, offering income support, counselling, taxation relief and interest rate subsidies, will be critically important for Victorian farmers.

Many of those, of course, are in my electorate of McEwen. Farmers should also be applauded for the proactive approach they are taking to land management, working to better protect their land from harsh weather conditions. Many farmers are members of local Landcare groups and are working to turn around the devastation caused by decades of soil erosion and pest animals, replanting wildlife corridors, restoring riparian growth along our streams and rivers and implementing measures to counter the ravages caused by the drought. For this reason, the National Landcare Program has also received a three-year funding commitment of $122.2 million to continue its invaluable work helping landholders manage our natural resources.

Local communities will also be able to continue to play a direct role in restoring, protecting and managing our environment, with increased funding for Envirofund—part of the $2.7 billion Natural Heritage Trust. From the reproductive cycle of the dung beetle to the propagation of indigenous seeds, dozens of the community based environment groups within my electorate have benefited from this program, undertaking important works to improve the health and sustainability of our native grasslands, streams and bushland. Landcare groups—such as the Home Creek-Spring Creek Landcare group, Yellow Creek Landcare group, Upper Goulburn Catchment group, Dabyminga Catchment Cooperative and Sunday Creek-Sugarloaf Creek Sub-Catchment Co-op—are recent beneficiaries of this program. And while these works rely on financial support provided by this government, they would not occur at all without the commitment, dedication and energy of volunteer members with a passion for preserving our environment.

This budget is also committed to developing a national approach to natural disaster mitigation—which includes bushfires and floods—and will work on this plan with the states and territories. Conditional on states and territories matching funding, and the implementation of more effective land use and building controls, the government will provide $68 million over five years for a national plan. Many community sectors within my electorate have expressed to me the need for much more stringent controls in the management of our natural resources, particularly in our forests. Dozens of volunteer firefighters from my electorate saw first-hand the devastation of firestorms that threatened communities in north-east Victoria this summer. Personnel from local brigades—including Panton Hill, Whiteheads Creek, Yarra Glen, Whittlesea, Seymour, Badger Creek, Woori Yallock and Wyson—gave of their time and risked their personal safety to bring these fires under control. We all have an interest in ensuring best practice management systems for our natural resources.

This budget has again seen an increase in funding for defence. Defence spending has of course increased markedly to deal with new global threats—taking defence spending allocated since 1996 to $38 billion. Our national security is of paramount importance; the working and living conditions of the men and women who risk their lives to ensure our national security, and the wellbeing of their families, are also important. Puckapunyal Military Base in my electorate is set for a $44 million housing upgrade over the next three years as part of a range of family friendly initiatives for personnel and their families outlined in this budget. We are also providing $1.7 million for on-site child care at the base, with work expected to begin soon and to be completed by next March. Other nationwide initiatives—including outside,...
school hours child care, transition aid for new students, and short courses for spouses of personnel—will also benefit local families.

Puckapunyal is also in line for major infrastructure upgrades, with $2 million earmarked for works at the Land Warfare Development and Regional Training Centres. Improved working and training facilities will benefit personnel and civilian employees at this base, with construction expected to begin late this year and be completed by late the following year. Approval is also foreshadowed this year for the multimillion dollar development of the Australian Defence Industries Explosive Ordnance Storage Facility at Puckapunyal. This project will establish a long-term magazine storage and distribution facility at the base, to be owned and operated under contract by Australian Defence Industries until 2011. These infrastructure upgrades, combined with family friendly programs and new resources, represent this government’s commitment to the defence and civilian communities at Puckapunyal. This commitment to the working and living conditions of our defence personnel and their families at Puckapunyal is replicated right around the country. We understand and value the work of our ADF.

The other area in this budget of particular interest to my rural communities is the federal government’s newly established Regional Partnerships Program. This is an exciting new initiative that streamlines regional support programs such as the successful Regional Solutions Program, rural transaction centres and the Regional Assistance Program. Regional Partnerships will invest in projects that provide for greater economic and social participation and improve regional access to services and will give priority to communities with a population of less than 5,000. Regional Partnerships will support planning by investing in projects that help communities to identify and explore opportunities for future development. We recognise the value of encouraging proactive communities and will commit a further $61.8 million to Regional Partnerships over three years from 2004-05. A streamlined application process will involve just one set of guidelines, one simple application form and, importantly, on ground support to help communities plan and develop their own future. This continues our commitment to put services and facilities back into our rural and regional communities. The 185 small towns and communities of my electorate have overwhelmingly supported this initiative.

Federal government policy remains committed to these communities—dozens of them in my electorate have benefited from the financial support provided by regional support programs such as Regional Solutions and Regional Assistance. The Regional Solutions Program alone last year provided almost half a million dollars in funding towards projects including the Seymour Performing Arts, Culture and Civic Centre; Yea Golf Club and Alexandra community radio station, UGFM. Last month two communities in my electorate received more than $345,000 in funding for a new youth and family centre in Kilmore and a community centre in Beveridge. The Regional Assistance Program also provided more than half a million dollars last year towards boosting tourism in the Yarra Valley, establishing Chinese herbal medicine farming in Whittlesea and developing regional tourism clusters in the shire of Mitchell.

The Regional Assistance Program has delivered more than $2 million in funding for communities in my electorate since this government came to office. The results of that simply cannot be underestimated. It has enabled small communities to kick-start programs and it has provided important seed funding for so many projects, only a few of which I have mentioned.
As many of my colleagues will attest, rural communities are the breeding ground for innovative and exciting ideas. Like all people in my electorate, I look forward to the new partnerships we are going to build through the new initiative of regional partnerships.

These are just some of the exciting programs announced in this budget that will deliver immediate benefits and lasting outcomes for my local communities. I want to put on record my appreciation of what my government has achieved for rural and regional communities, and how it has again reaffirmed its support for those tried and true programs that have already delivered so much for rural Australia. Local communities have never been better placed to identify the needs of their community to create a better quality of life and the means to develop important local initiatives that contribute to the long-term sustainability not just of individual communities but whole regions. It has taken this government to reduce the Labor debt of $63 billion that we inherited. It has taken this government to deliver the economic trifecta of low inflation, low unemployment and low interest rates that enables us to provide those vital services to families and to communities, that enables us to provide hope for our young people, that enables us to provide the funding to care for our environment and that enables us to provide the funding to ensure our national security. I commend the bill to the House.

Ms O’BYRNE (Bass) (1.14 p.m.)—The keynote provisions of the Appropriation Bill (No. 1) 2003-2004 and associated legislation draw a clear distinction between the vision for the future of this country of those on this side of the House and that of those in the Howard government. The government’s plan for Medicare is clearly to set it on a path towards irrelevance and then self-destruction. The government’s plan for higher education is to restore it to its previous status as an entitlement of the wealthy and upper classes. On these core issues there is no bipartisanship. The Australian Labor Party and members on this side of the House have drawn a very clear line on this occasion. We cannot stand by and let what can and should be a universal health care program be demolished by a government which does not care about the current and future wellbeing of all Australians. We cannot look on while a post-secondary education system—which should be available to every qualified Australian school leaver, based on merit—is made the preserve of only those who can pay.

I know how important access to proper health care and education for their children is to my constituents in Bass. I know that they are becoming more and more aware every day of the return to the divides of old—that is, between rich and poor, between those in work and those not in work, between kids whose families can afford the money for school excursions and sports gear and those whose cannot, between those who live in the big mainland cities and those who live in the regions. Economic theory can go too far. In balancing the books or working a surplus, the bean counters do far more than just that. They and the governments which adopt their proposals determine fates and determine lives. They determine how families can live from day to day and bring up their children, depending on how well-off they are or where they live. If the bean counters and their ministers have a social conscience and acknowledge their obligation to all Australians, we should have nothing to fear. It is when they do not, when they ignore or when they forget, that we have to take a stand.

The Howard government’s plans for health care and higher education display no understanding of the needs of all Australians. These plans are all about economic rationalism and an acceptance of the tenet that the strong will always survive. Well they might, but we on this side of the House care about the weak, those experiencing hard times and those whose cir-
cumstances leave them below the playing field on which the well-off are playing. As we have always done, we believe in a fair go for all Australians. For these reasons, I strongly support the amendment moved by the member for Fraser, which fittingly captures the fundamental differences between the two sides of this House in policy and vision for this country.

In my electorate of Bass, bulk-billing rates for general practitioner visits continue to be below 50 per cent. That is just unacceptable. The government’s plan to address this is inadequate by every measure. The fundamental principles of Medicare were designed to ensure that every Australian could get basic medical and hospital treatment when they needed it. No Australian, when they or their dependents are sick or injured, should have to make the decision that they cannot afford to go to a doctor. That might be acceptable in other countries, but it is not acceptable here and should not be. Everyone on this side of the House knows and understands that many Australians have days when they simply do not have any cash. If this happens on a day when two or three of their kids come down with an illness, it should not mean that these children have to go without proper medical care.

It is a lot easier and a lot cheaper to keep Australians healthy than it is to look after them when they are really sick. Children who are kept healthy miss less school and enjoy more recreational and sporting activities. Sick children who go without medical support—which could so easily be made available to them through a properly funded and supported Medicare system—miss out all round. Adults who are kept healthy miss less work and are in a better position to make a full contribution to Australian society. In my electorate, under the health policies of the Howard government, it is almost impossible to find a doctor who bulk-bills. This inevitably leads to long queues at the casualty and outpatient departments at local hospitals or, more seriously, families simply deciding to go without treatment.

We on this side of the House have a plan which will restore bulk-billing and the health of all Australians. The government’s plan would have Australia end up like the United States, where millions of people go without medical treatment because they cannot afford it or are forced to make choices between health care and the other necessities of life. Yesterday in the House during a response to a question from the member for Jagajaga, the Minister for Education, Science and Training said:

This government is opening opportunities for all Australians. What we are proposing to do is not only put a lot more money into Australian universities but also open opportunities to Australians who are no less deserving than those students who come from other countries.

What I am concerned about is that I am beginning to form the view that the minister actually sincerely believes what he is saying. He is not simply putting forward some agreed policy view of the government; he actually believes the government is doing the right thing. The minister accuses those on our side of the House of trying to scare the Australian people into believing that he is wrong. He might use the word ‘scare’ to suit his own political purposes, but I choose to use the word ‘inform’. In response to the member for Jagajaga’s newspaper comments in which she suggested that it is ‘a shocking waste of talent to have people who want to go to university frightened off by the debt’, the minister said:

It is a manipulation of the emotions of everyday Australians to mislead them into believing something which could not be further from the truth.

Quite apart from the fact that in this case he is wrong, it is a bit rich coming from this government, with its record of misleading the Australian public. The minister conveniently for-
gets that those children were never actually overboard and the jury is still out on those weapons of mass destruction.

The minister, of course, was never in this position. He attended university when there were no fees. He clearly has no idea what it is like to have to make a decision about whether you can afford to go to university or not. Choice—or, more correctly, lack of choice—is a key issue here. I fear that before too long school leavers in Tasmania will have no choice available to them if the minister’s so-called reforms actually go through. We should note that, whilst the package in funding terms will provide an institution like the University of Tasmania with a net benefit, it still will not make up for what it has lost since 1996.

There is also a strong risk that expenditure growth will catch up and overtake the benefits of the funding and income growth generally. This may well mean that universities will not be able to choose not to increase fees, at least not without cutting courses or student numbers. A university such as the University of Tasmania is in a very difficult position. Eighty per cent of its students are from Tasmania. It cannot afford to, and it should not, specialise. It must continue to provide broad education options for Tasmanian students in particular. If it is forced to specialise, more and more young Tasmanians who wish to take other degrees will then be forced to leave the state for their studies.

I have referred previously to the problems we face in Tasmania through not having a dental school. The consequences for Tasmania and Tasmanians if this problem were to multiply across other professions would be devastating. If the University of Tasmania is forced at some time to take the increase in fees option, it may find it hard to compete in the fee-paying market, for a whole lot of reasons.

I also want to mention some other parts of the proposed reforms which concern me, particularly issues raised by student constituents who have spoken to me. It seems that all postgraduate and research degrees will be full and up-front fee paying rather than HECS based, as they currently are. Whilst I assume the proposed loan arrangements will be available, the long-term effect on research and excellence in learning is thrown right into question. I fear that our brightest and our best graduates simply will not take up the option of increased debt.

Another aspect which concerns me is that it appears that the interest part of student debt will be deemed to be paid last. If we take the example of a nurse who upon graduation proceeds to further study in midwifery, we find that she will have to take out a loan for the second qualification. If I understand the proposals correctly, the HECS debt will be paid off first, followed by the principal of the loan, and then the interest last of all. In other words, the debt will continue to grow until the day that it is paid off. The system as proposed is thus a considerable disincentive towards proceeding to further education.

In respect of the scholarship proposals, there is also a demon: the government gives with one hand and takes away with the other. In an extraordinary announcement, the Minister for Family and Community Services has reportedly said that the scholarships will be counted as income once a student is in receipt of Centrelink payments, but not for establishing independence for the purpose of Austra

On this side of the House, we also have significant concerns about other aspects of the government’s reform package. Whilst it is the most important aspect of attending university, academic study is not actually its totality. Student life plays a significant role in the personal
development of hundreds of thousands of Australians. This government’s continuing obsession with ending the system whereby students pay a union fee in return for the provision of a range of services is ill-advised and misplaced. Its latest ideological concept—to tie university grants to workplace reforms—does not have the support of universities. If the government is serious about the $404 million over three years, it should swiftly remove this completely irrelevant condition. Changes to the Workplace Relations Act to remove the right of university staff to take industrial action are both unnecessary and inappropriately placed within this package.

Before I leave the issue of the government’s proposed reforms for higher education, I want to return again to the principle of a fair go. The impact of these changes in the longer term is likely to be that those who can afford it least will be forced into full fee paying places, with the inevitable consequence of higher debt for longer periods. In other words, those who start off with a disadvantage are likely to stay more disadvantaged. It sounds pretty much like the standard Liberal Party ideology of the 1950s and the 1960s. It seems they just cannot wait to return to it quickly enough.

What is the government doing for those Australians whom the Minister for Education, Science and Training often refers to as the large percentage who do not go to university? For those hardworking Australians who have long harboured the dream of a university education for their children or grandchildren, there is justifiable concern that this will no longer be possible. For those who are looking to a TAFE course or the like instead, either for themselves or for their family, there is not a single cent in this budget. However, in another area I am happy to acknowledge that the government appears to be prepared to listen to what I and my constituents have had to say—that of support for our veteran community. On more than one occasion over the last year I have turned to the media or have come into this House to draw the government’s attention to the inadequacies in its allocation of funding for veterans’ programs.

In Northern Tasmania, the veterans home care program has for many people become just a token gesture from Canberra. The hours have been cut back so much that its worth to many recipients is almost nil. Some medical practices are refusing to acknowledge the gold card when treating veterans or war widows; others are putting their patients on notice that they will be doing so shortly. Community campaigns actually do work sometimes and they appear to have done so on this occasion. I have been pleased to assist and work with the people of northern Tasmania, particularly the veteran community and their families, in getting a better deal from Canberra. The extra $8.5 million for home care and the new deal for medical practices which agree to acknowledge the gold card are welcome but, in a community which is ageing and in need of greater support each year, there must be a recognition that expansion of funding will be needed on a regular basis.

I must, however, express disappointment that provision in the budget does not appear to have been made to address funding for the secretariat which handles the application for and distribution of service medals. There have been long delays in this regard over the past year, particularly in relation to national service medals. Those who apply for these medals have their expectations raised on application, but then are forced to wait an inordinate amount of time before they actually get the medals. This is playing games with those who served our country. I know that last Anzac Day there were many people in my electorate who were very distressed at not being able to wear their medals.
The budget also provides funding for the much needed Scottsdale-Lilydale-Golconda Road. There seem to have been more announcements and media releases about the funding for this road than there have been interjections in question time over the life of parliament. The north-east of Tasmania is an important and productive region for primary industry—vegetables, essential oils, fishing and forestry in particular. The importance of its place in Tasmania’s booming tourism trade is growing every day. It justifies and needs a quality access road from Launceston. It seems that all levels of government have accepted this and the funding is there. All we now need is a moratorium on announcements and a start, then a steady progression of construction. I would be delighted if we could agree that the next announcement would be about the official opening—I think that we could all manage to wear that one!

I turn now to one of this country’s icons—Australia Post. Just as we must protect our right to an adequate and appropriately funded health care system, the right of every qualified Australian to pursue a tertiary education and the right of those who have served us in conflict to support, we must also ensure that our basic services are maintained for each of us, wherever in this great country we may live. I would like to talk for a moment about service in general. It used to be something that we could almost take for granted. We could go into a bank or a government department, a shop or a business and, within a short period of time, we would be able to get personal service. These days, more and more often, the chance of receiving timely, personal service seems to be getting less and less—that is, if you are lucky enough to have the chance to line up in the queue.

In my electorate of Bass, I have a fairly large regional city, Launceston, as well as a significant number of towns and villages and a group of populated offshore islands, the largest of these being Flinders Island. On a regular basis, we experience reduction in our services. As an example, last week Qantas announced the closure of its retail office in Launceston. I know from many sources that this same withdrawal of service is occurring all over regional Australia. It would not be so bad if there was a backup plan. But there, once again, the only well provisioned backup plans seem to be provided for those areas which already have existing high levels of service—the big mainland capital cities. Sure, there is some chance that you can replace face-to-face service in the big cities with an Internet connection for your bill paying, banking and the like, provided of course that you have access to a computer. But in regional Australia, in addition to your computer, you also need a magic wand because often you cannot even get a connection. In towns in my electorate like Hillwood and Nunamara this happens every day. Then of course there is the option to do your business by phone. Here you need, in addition to your phone and a reliable connection, a great deal of time and patience. Far too many constituents complain to my electorate office about the time they are left waiting on phone lines both before and after their call has been answered. Their criticism is of government departments and agencies, government business enterprises and big private concerns alike. It is noteworthy that the smallest number of such complaints are actually about small businesses where of course—

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! It being 1.30 p.m., the debate is interrupted. The honourable member for Bass will have the right to continue at a later time.

Sitting suspended from 1.30 p.m. to 4.00 p.m.

Ms O’BYRNE—I was pointing out before the break that the smallest number of such complaints are about small business where, of course, service remains of far greater impor-
tance in terms of their survival. Many Australians, particularly those in the regions, do not have the time or the money to spend waiting on the phone, especially when the first bit of service that they receive is advice that they have called the wrong number. There is a real need for all of us who are elected to represent the interests of our constituents—especially when in government—and to pay far greater heed, when we legislate or otherwise, to the impact on the Australian people of the issue of service.

As I mentioned earlier, one of the great icons and service institutions of this country is Australia Post, and we must keep it that way. In many ways it is the last bastion, the final safeguard, of service delivery for all Australians wherever they live. But the dark shadow of the Howard government, and in particular of the Minister for Communications, Information Technology and the Arts, looms large. I am sure the minister does not think for one minute about the great service that an institution like Australia Post provides to every Australian. It is obvious that he sees it only as a cash cow from which he and the Treasurer can milk surplus funds at will or, alternatively, as a very saleable enterprise from which the government would extract one final, very big dividend. Like so many things this government does, it is all about the bottom line. It is all about what is happening today; there is nothing about what is happening in the future.

I am not suggesting that Australia Post should not operate to make a profit—in fact, quite the contrary. What I am suggesting is that it should operate now and in the future as a significant service provider to all Australians, and this can only happen if it remains in public hands, without being stripped of its current assets. We do not know with any certainty what the Howard government’s plans are for Australia Post. During the estimates process, Senator Alston was less than forthcoming about his intentions. In 2001-02 not only did the government take the 60 per cent dividend from Australia Post, amounting to $175.1 million; it also raked off everything that was left after tax—another $116.7 million in a special dividend. Despite this the government raised the price of the standard letter stamps by 5c—an impact of $54 million in a full year—and now has flagged that it will increase parcel rates by 50c.

We have no information from the government about its intentions for Australia Post’s after-tax result for the current year, despite the fact that the year is nearly at an end. Nor do we know whether the government intends to pursue its ill-conceived plans to deregulate this great institution—one of the last universal service providers to all Australians, regardless of where they live. We have, however, learned that the minister intends to introduce some sort of bill before the end of the current sittings. There is not an awful lot of time left but that is apparently his plan. He says he has provided a draft to Australia Post and has had some discussion on the broader aspects with the major mail users of Australia. Whatever the bill contains when it comes before this parliament, its passage must be resisted if it does anything to reduce Australia Post’s capacity to provide universal services to the Australian people. We await its coming with much interest.

**Mr JOHN COBB** (Parkes) *(4.03 p.m.)*—I would like to add to the debate on *Appropriation Bill (No. 1) 2003-2004*. For my electorate, which is very much centred on small business, probably one of the highlights of this budget was a budget surplus. Small businesses—be they farmers, fabricators, service people, tourism ventures or whatever—historically are high users of credit. So the fact that a budget is handed down with a surplus breaks through a psychological barrier for those who are, by definition, quite strong borrowers. Delivering a budget in
the black delivers confidence. It says to small business that this government is looking very much towards their interests. This government is about delivering growth, low inflation, low unemployment and, above all, low interest rates. It also says that this government can claw back the ground that was lost through the reckless spending of the Hawke-Keating years without penalising key investment areas in the way that the $96 billion debt that this government inherited did.

When small business owners see a budget that pays off foreign debt, boosts other key areas, delivers tax cuts and still has $2.2 billion left to play with, they can feel far more confident about their future. It gives them the certainty they need to continue development and to continue to borrow. What a lot of people, especially members on the other side, never seem to understand is that, when we have a $100 million debt, the government are competing with small business in the borrowing market. In the interest market and in the small money market we become a competitor with small business, and that is why interest rates go up. Without doubt, it is small business in its many forms that underwrites and keeps my whole electorate moving.

On the issue of drought, many of the small business operators in the Parkes electorate are farmers doing it tough due to the ongoing drought—and we all know that. But, despite forecasts to the contrary, the government have never underestimated the cost of getting country communities through this drought. Based on the number of applications for income support that have been coming in, the government put a conservative figure at the time of the budget of $740 million on what the cost might be, but everybody forgot that that figure was not, and is not, capped. It was a forward estimate. Already, that figure has been re-estimated as about $930 million on current figures. We are prepared to spend whatever it takes and, if there is no relief for farmers and producers over the sowing period and right into the winter, obviously we are going to have to look at things again, because that will be the second disastrous harvest in a row, when the second one does not even go in, and many areas are still to sow.

At the beginning of May this year, over 12,000 Australian farm families were receiving either interim income support, prima facie EC or full EC—a 30 per cent rise over the previous month—and that is why the government has had to make such a serious and uncapped budget commitment to support the drought stricken communities, certainly of eastern Australia but also in other areas.

In New South Wales, almost 2½ thousand farmers were in receipt of EC support, which represents spending of $12,380,000, and that figure is climbing every month. Much of my electorate has been declared, but recently an application for the Central West slopes and plains was overturned following recommendations from the NRAC. In that application were four rural lands protection boards: Molong, Dubbo, Forbes and North Condobolin. That was an application that was a very big ask from the start. It was put in by the state government prior to the state election with the hope that it would become a Commonwealth problem. The fact that they did not do their job properly in making that application was overlooked, but it had an inevitable consequence. While farmers in the Molong township and that PP board have had extraordinarily good rains in the past few months, farmers in North Condobolin, Parkes and Forbes have been doing it awfully tough, and it was penalising those people by putting in one large application.
The Commonwealth can only process applications in the form in which are submitted by the states and, in this case, the states let us down big time. We have made a concerted effort to reform EC but we continue to get incredibly stiff opposition from the states. The Minister for Agriculture, Fisheries and Forestry, Warren Truss, has even offered to deal with any single state who wants to, but so far they are not willing to wear any extra financial burden. Since its onset, this drought has remained one of the government’s highest domestic priorities and will continue to head up the agenda—and I think that has been underlined and is at the top of the list of items in the recent budget delivered by the Treasurer.

Students and young Australians were definitely not left out of this budget. In fact, it is fair to say that the new part of the budget spending swung around them. It is a budget that looks after the interests of students and young people, and once again that is an issue for my electorate that is right up there at the top. Charles Sturt University, one of the leading universities in the state, has a campus in Dubbo. It is a relatively new campus and continues CSU’s commitment to providing regional Australia with access to high-quality education. High-quality education is probably one of the primary issues for people who wish to develop their communities and who wish to come back to those communities when they receive their higher education and commit to them.

CSU Dubbo provides an environment where the focus is on student choice, flexibility and independence, where support is never far away. The campus focuses heavily on nursing and education, which are two of the major areas of need in the country, particularly in the Parkes electorate. It is a matter of local pride that, just last week, the first group of internal nursing students graduated from Charles Sturt University’s Dubbo campus. Unfortunately for me, the ceremony was held during a sitting week. It marked a very big point in time, because they were the first university graduates of any kind from a medical fraternity to have taken their honours within the Parkes electorate boundaries. I think we all look forward to the time when we will have medical students and others doing the same. Thirteen students from an original class of 35 graduated. All have overcome enormous hurdles to reach their goal. They began their course at TAFE, because there was no university building available in 2000, when their course commenced. In January 2001, when they settled into the new facilities, a storm blew the roof off the building and they were forced to move again. However, they finally moved back to the new campus last year.

The Dubbo campus will share in a regional loading payment for its internal student load. Loading of funding to regional universities will ensure that campuses like CSU Dubbo continue to grow and develop and continue to maintain their excellent standards of education. A $10.5 million injection into Commonwealth funded undergraduate places reaffirms this government’s commitment to higher education, particularly in the country. There is $162 million to establish three new scholarship programs to help financially disadvantaged students, especially those disadvantaged by region and by isolation. There will be 574 extra places in nursing by 2007, probably one of the things most needed in all of country Australia but especially in my electorate, with its isolation problems. There will be an extra 120 rural training places for doctors—once again, incredibly important because those training places put graduates out there under supervision in the areas where they learn the practicalities of country practice. There will be 234 university medical scholarships bonded to areas of need to encourage doctors to practise in areas of shortage.
This budget recognises that the dividends gained from investing in young people, especially in country areas, will serve us well in the years ahead. It will add to the approximately $700 million put into country health by the coalition over the last six or seven years. Hard-working Australians deserve a break now and again, and the best break you can give them is to put money back in their pockets. The Prime Minister said:

... people can take it from me that whenever we have something over after we’ve covered necessary spending, we’ve delivered a surplus ... we give it back in tax cuts.

A lot of people, especially the opposition, railed about what the tax cuts might buy in real dollars, but anyone I have spoken to says that, whether it is $5 or $10 a week, they would much rather have it than lose it.

Opposition members interjecting—

Mr JOHN COBB—You can actually string it out if you want to: for those who say that it is not worth having, the Financial Planning Association has suggested that it is not a figure to be scoffed at. On 15 May, the Daily Telegraph quoted figures compiled by the FPA showing a person earning $25,000 a year would be better off by $1,729.24 after five years if they channelled their $5.89 weekly tax savings into a very basic compound interest savings account. I know I would much rather have that amount of money than to owe it. At the conservative interest rate of 4.75 per cent, if they continued to bank the tax break over 10 years, the final sum would be almost $4,000. I do not know what the other side of the House thinks, but it sounds better to me to have it in my pocket than in somebody else’s. The tax cuts are not so meagre after all.

The funding made available to regional disability employment service providers is a very positive step in the right direction, but it is only the first step. I think we all recognise that there is a lot of work to be done in this area and that it is a very hard area to deal with. Gordon Tindall is the manager of Westhaven Industries in my electorate. Westhaven is a long established organisation that was one of the earliest disability employment services set up in the state. It provides employment support for up to 65 people with intellectual disabilities. I have been to the workshop a few times, and it is a credit to the people who work there, a credit to the people who organise it and a credit to those who place their orders with them. The organisation distributes things right around the state and the work they do is financially viable and is very good.

People with disabilities are the most forgotten people in our community. They cannot always express their feelings, and they struggle sometimes to cope with their emotions. We can only imagine what they have gone through in their lifetimes. Gordon Tindall believes they are the most disadvantaged people in the community. For many of them, their employment provider is the only thing they have in life. Longstanding organisations like Westhaven and Lachlan House With No Steps in Forbes are their whole-of-life carers. Without the support Westhaven and Lachlan House With No Steps give them, they would have nothing to do and nowhere to go. This funding will go part of the way towards covering the costs facing disability employment service providers, but there is still progress to be made. I have to commend this budget for taking the first important step towards improving funding in this area, and I look forward to building on it in the future.

There is a lot in the budget for regional Australia—and my electorate in country Australia—to be thankful for with respect to small business, health, education and disability em-
ployment services. I repeat: small business is the backbone of our electorate, whether it is with respect to employment or whatever else, and it is backed up ably by mining. This budget is the sixth in a row that has been delivered with a surplus and it is another which shows growth, low inflation and, most importantly of all for small business—who matter the most—low interest rates. You can never overestimate the effect that low interest rates have on small business—be the small business farming or whatever else. We are borrowers. We always will be borrowers. We are the people who make practical use of those things that big companies and others discover. Without small business we are not going to have our communities. Like most country electorates in south-eastern and eastern Australia that are affected as much as they are by drought, my electorate can be thankful that this budget does not add to our interest rates. It puts in a growth factor despite the drought. At a time when a lot of country communities are on their knees, the budget gives an uncapped commitment to funding this drought to its end.

Mr KERR (Denison) (4.18 p.m.)—I rise to speak on the Appropriation Bill (No. 1) 2003-2004. There is an opportunity in the debate that emerges after the budget to canvass a wide range of issues, but the focus we ought to bear in mind is essentially what is necessary in order to ensure Australia maintains a strong economic position and a capacity to discharge its responsibilities to those least well off within the community in a world which is increasingly turbulent. I think the scale of the turbulence can be demonstrated by the fact that hundreds of millions of dollars flow through international foreign exchange markets every second of every day. Most of this flood of money is denominated in United States dollars and in Euros, but a surprising volume of Australian dollars is also traded.

To get some perspective, it is worth looking at some recent data. In February of this year the average daily turnover of the Australian dollar against foreign currencies was $A51.1 billion. That is more than $A35 million every minute of every night and day. This included purchases and sales of the Australian dollar and a wide range of derivatives, including esoteric transactions that most of us only think of when our eyes glaze over as we pass over the financial pages on the way to the sports results—forward, swap and options contracts written in the Australian dollar. This mainly speculative trading only occasionally had any connection with purchases or sales of goods or services.

For every Australian dollar used to buy or sell goods and services or to make fixed investments, there are $45 worth of speculative transactions—we could call them virtual transactions—involving currency trading in the Australian dollar. But these transactions are far from inconsequential. Profits and losses made by speculators hedging or gambling on the value of currencies, oil futures or pork bellies are real and they make or break companies and nations. The poet John Donne made the point that we are inextricably part of a common humanity, that no man is an island unto himself. But that is now true in a much more mundane sense. With the exception of a handful of countries like North Korea and Cuba, economic borders no longer coincide with national borders.

Fund managers and speculators who shift money around the globe in almost unimaginable volumes constitute an ‘electronic herd’ whose superficial, conscienceless judgments can bankrupt a company, shatter an economy or devalue even the most strongly defended currency. Nations that seek to peg their currency to values above the market’s judgment are easy prey for speculators to attack. Governments once prided themselves on setting and defending their
exchange rates—no longer. George Soros showed that a single major speculator backed by private capital could marshal sufficient funds to break even the defences of the Bank of England.

Global trade in foreign exchange has overwhelmed the capacity of national governments to regulate or control their exchange rates. Taking a day at random, my birthday, 26 February of this year, we can see how vulnerable Australia’s defences would be against an attack by currency speculators. On that day, foreign exchange dealings in Australian dollars amounted to just over $50 billion. Yet the Reserve Bank of Australia held gold and foreign currency worth a total of only $42.7 billion. The reserve held sufficient funds to cover barely three-quarters of a day’s trading in the Australian dollar.

What lessons can we draw from this? Some are sobering. The most profound but most troubling is that sound economic management alone is no longer a guarantee that a country will not suffer a flight of capital. The market is prone to both irrational exuberance and panic, and it is getting more rather than less volatile. In the late 1990s we saw a stampede of liquid capital out of the South-East Asian economies. Countries that only weeks before had been described as economic miracles were trashed and then described as economic basket cases. Across our region, millions suffered the loss of their jobs or at least falling incomes. Of course, more recently we have seen the high-tech boom and bust. It was not a regionally focused problem but nonetheless a good example of how those making investment decisions can lose connection with reality.

How does this fit with Australia’s place in the world? First, let me suggest what it does not mean. It does not mean that our economic settings are immaterial. The fact that some good businesses are always unjustly destroyed in a crash and some shockingly badly run businesses thrive during a boom does not mean there is no difference between good and bad management. Good management will give businesses a better chance of survival. The same is true of national governments. Because accrual randomness, for good and ill, that is visited on the innocent and the guilty alike by the occasional and unpredictable stampedes of what Thomas Friedman has called the electronic herd—that is, speculative financial traders—does not justify bad management, we have to reflect on what we should do as Australians to put our community in the best shape to thrive in a world now largely without economic borders.

My guess is that the only sane strategy is to emphasise both risk diversification and greater self-reliance. Let us look at risk diversification first. My support for a risk diversification strategy explains why I am sceptical about harnessing Australia’s future to a bilateral free trade deal with the United States or any similar deal that privileges trade with one set of partners over others. If those partners fail, we fail. Even the world’s most powerful economy could be trashed by a collapse in confidence in the United States dollar. There is always somewhere else where speculators can park their money. However, my concern arises not only because putting too many of our eggs in one basket is fundamentally unsound but also because making special trade deals between Australia and other trading blocs is inherently flawed. For instance, Michael Costello, former Secretary to the Department of Foreign Affairs and Trade and later a key executive of the Stock Exchange in Sydney, has argued that a free trade agreement between Australia and the United States would undermine the global trading system and rebound against Australia because China and Japan would retaliate by giving preference to agricultural exports from ASEAN over those from Australia. That of course in-
volves the prediction of the conduct of other nations, but there is also an econometric and analytica-
lytical argument to the same effect. The Productivity Commission recently issued a staff re-
port. It too concluded that bilateral and regional trade agreements divert trade—in other
words, we lose more than we gain.

The second point I would raise by way of a response to the issues of the global market is
the need for greater self-reliance. This is more contentious, but by that I mean two things.
First, we should take a serious look at what basic industries we should make sure are in place
to weather a worst-case scenario—that is, the market turning against us—or the other worst-
case scenario, which is a global recession. Given Australia’s currently favoured position in
economic terms, this may seem a bit like scaremongering, but it is just commonsense. It is
like insurance. We kick ourselves if we fail to insure our home and it is always too late if the
bushfires come. Just like farmers ought to prepare against drought, but sadly rarely do, we
ought to use some modest share of the resources at our disposal during these good times to
drought proof our economy.

The second aspect of this issue is that we need to think about what kind of social and
physical infrastructure we would need to claw our way back from a bust. Let us examine in-
dustry first. Decades of Australian policy have been focused on persuading Australian busi-
ness to be more outward looking. That strategy in large has paid good dividends and it should
remain in place. But we are in danger of throwing the baby out with the bathwater. There is a
critical core of industry infrastructure and production—primary, secondary and tertiary—
without which Australians would suffer greatly in the case of a major economic withdrawal of
overseas capital or a collapse in the purchasing value of the Australian dollar. It is not picking
winners to focus on those aspects of our national industry strategy—an industry strategy
where our government spends more than $10 billion in direct and indirect assistance each year
to the private sector—to ensure, on a constantly reviewed basis, that there are no critical gaps.
This would mean that Australia would always have a minimum capacity to produce locally at
least all the very basic things we would need but not be able to import if we faced a foreign
exchange or similar crisis. There is no framework at the moment to undertake such an exami-
nation, and the government has no interest in undertaking that analysis. Nonetheless, I believe
it is an important issue which needs to be addressed.

The second strategy would be linked but subtly different. It would be to ensure we have in
place the social and physical infrastructure that would allow us to claw our way out of any
critical downturn—that is, not just to survive but to thrive afterwards. It is this infrastruc-
ture—public education, investment in science and research, technical and professional develop-
ment, and retraining—that is most at risk under the current government. These would be
the keys to our population having the resilience and skills to rebound from setbacks in a world
which will always be highly competitive.

We should also not forget the social sphere. We need an adequate tax system, without oppor-
tunities for the rich to avoid their social responsibilities, where we accept as a fundamental
proposition that those who are most wealthy are able to make a substantial contribution to the
needs of the less well-off citizens so that we can fund decent support for the unemployed,
universal public health and the like. In hard times, people will readily turn their anger against
one another, and social cohesion will be essential if Australia ever faces real trouble.
At the moment, of course, there is an increasing gap between those who are able to make private provision for their welfare and those who are not, and there is a corrosion of the public sphere. The key elements that were put in place for the provision of social goods in education, in health, in training and in retraining have been corroded. It is true to say that we as Australians are sailing in fair breezes, but we are sailing on a sea where gales are not unknown. With luck, our weather will remain kindly, but there is certainly no wisdom in failing to equip our ship with storm sails.

Mr GEORGIOU (Kooyong) (4.32 p.m.)—I rise to speak on the Appropriation Bill (No. 1) 2003-2004. The budget handed down by our Treasurer on 13 May continues the government’s strong record of delivering sensible economic policy in challenging international conditions. There can be no doubt about just how difficult these conditions have been in the last year and a half. We have had to meet Australia’s contribution to the war on terrorism, the imperative for increased domestic security, our commitments to those affected by drought and bushfire, and the effects of the SARS virus on international travel and tourism. These, together with a generally weak global economy, have placed great pressures on the Australian economy and on the bottom line of the Commonwealth budget. That these events would coincide was totally unforeseeable 12 months ago. No government could have expected this coincidence or budgeted for it. But this government could and did create the capacity to respond effectively to the unforeseen.

This is one of the distinctive hallmarks of the Howard government’s seven years in office: its construction of strong and resilient fortifications against unforeseen economic threats. The construction of these fortifications began, of course, in the government’s first budget back in 1996. When the Howard government first took control of the tiller of the economy, it immediately began to turn it around after years of Labor steering a course of ballooning deficit and debt. The imperative for that turnaround and its benefits were made starkly clear a year later by the Asian economic crisis. Because the new government took some hard decisions, stabilising government debt and fortifying the national economy, Australia was able to ride out the potentially calamitous situation.

The virtue of this government’s course was evident again in 2001, when Australia’s economic outlook was suddenly confronted by a slump in equity markets, the September 11 terrorist attacks and the collapse of Ansett. In that period, the surpluses which had been accumulated by the government over the preceding five years enabled us to adopt the relatively relaxed fiscal stance that helped Australia to avoid the worst effects of the subsequent international downturn. In contrast to the effects of previous international recessions, Australian unemployment did not increase significantly, domestic economic growth continued apace, and there was no long-term structural damage inflicted on our economic infrastructure.

In this year’s budget, the same lesson appears. As a result of sound economic management and careful budgeting, the government has been able to cover a $750 million commitment to the war in Iraq. It has also been able to allocate, to defence and domestic security, additional spending which responds to the needs of a radically changed global environment. Significant assistance has been provided to the important and expensive rebuilding activities around the nation necessitated by the dual blows dealt by drought and bushfire. In addition, Australian taxpayers have received modest but deserved tax cuts, important government programs have
been maintained and enhanced, we still have a healthy budget surplus of $2.2 billion, and fur-
ther repayments will be made on Labor’s $90 billion debt.

Even the harshest critic would have to admit, in a detached moment, that this is an impres-
sive achievement. Indeed, it is an achievement almost unique in the world. It has to be said,
however, that the Labor Party in its current form may be carping but it is certainly not the
harshest or the sharpest of critics. This is manifest in the Leader of the Opposition’s budget
reply. I have some appreciation of how difficult the job of Leader of the Opposition is. I have
in my time—for my sins—worked for five leaders of the opposition, three federally and two
in the state of Victoria. Being Leader of the Opposition is especially difficult when a govern-
ment is travelling well, when the economy is in good shape, and when the budget is in the
black. Railing against blue skies and gentle breezes—to pick up the analogy from the preced-
ing speaker—simply does not resonate with the electorate. While the member for Hotham
does have his critics, particularly on his own side, it has to be admitted that he responded to
the budget with a breathtaking initiative in his role as Leader of the Opposition. He delivered
a budget reply that contained not a single mention of the words ‘the economy’. That is auda-
cious politics and I think it should be recognised.

By contrast, the government is not avoiding the words ‘the economy’. Despite treacherous
international circumstances, the economy does look remarkably healthy. Economic growth is
expected to continue at around 3¼ per cent in the coming year, which is well ahead of the
United States, Japan and the European Union. Unemployment is projected to remain at around
six per cent. Inflation is forecast to be contained within the Reserve Bank’s target band at
about 2¼ per cent. Ten to 15 years ago, when the Labor Party occupied the treasury bench,
these kinds of figures were thought to be impossibly ambitious—indeed, they did prove to be
impossibly ambitious for the previous government. But today, with the coalition in govern-
ment, these figures have come to be expected and are being delivered. Although there are few
headlines in continued stability, it is this very stability which has been crucial in enabling the
government to continue to address the critical policy challenges facing Australia.

It is a cliché to say that the first responsibility of any nation’s government is to ensure the
safety and security of its people. In recent years, however, our understanding of this truism
has changed dramatically. The increasing sophistication, scope, mobility and ambition of in-
ternational terrorism have rendered the old ideas of national security obsolete. Growing inter-
national travel and tourism have extended the obligation of governments to protect their citi-
zens. Political instability in all corners of the globe has complicated the tasks of containing
terrorism and protecting citizens while overseas.

In response to this radically changed international environment, the government has,
through this budget, refocused and significantly increased spending on defence and security.
An additional $2.1 billion will be spent over the next five years to enhance the protection af-
forded to Australia and its interests at home and abroad. This brings to more than $38 billion
the new funding which the coalition has brought to the Defence portfolio since taking office
in 1996.

A large part of the additional funding in this budget will be used to augment logistical sup-
port funding for a range of ships, aircraft and land based specialist military equipment, as well
as the purchase of ordnance. This reflects the increased operational tempo of the ADF in to-
day’s international environment. A further key commitment outlined in the budget is the $157
million that has been provided to establish a special operations command to enhance Australia’s capacity to respond to threats to our national security. The command involves an additional 334 combat and support personnel.

Complementing this new spending in the defence sphere are new commitments to Australia’s domestic security services. The government’s policy initiative A Safer Australia will provide $411 million over five years to enhance Australia’s domestic security arrangements. This package incorporates the installation or upgrading of critical security infrastructure in our ports, airports and nuclear research facilities; the creation of enhanced capacity within our intelligence agencies to detect and respond to security threats; and an upgrade to protective security services. This package is in addition to the $1.4 billion worth of national security initiatives that have been announced since the dual atrocities of September 11 and the Bali bombings.

It is inevitable in an international climate such as the one that exists at present that defence and security will be priorities in the Commonwealth budget, but they are certainly not the only priorities. The government’s health reform package, A Fairer Medicare, which has been provided for in this budget, forms a critical component of the budget’s overall policy platform and its health strategy for the next five years. Central to the package is a continued commitment to the Medicare system. If the opposition cannot see that commitment, then I am sorry— I cannot do more than say that there is an additional $917 million. Bulk-billing has been retained, and doctors can continue to offer services to anyone on a no-cost basis, as is the case now. However, in recognition of the importance of bulk-billing to particular groups in the community, GPs will be offered additional incentives to provide no-cost medical services to Commonwealth concession card holders. These incentives will be higher in outer suburban and regional areas, reflecting the challenge of providing medical services in these areas.

Arrangements will also be improved for non bulk-billed services. A new safety net for Commonwealth concession card holders will reimburse 80 per cent of out-of-pocket expenses for medical services above $500 a year. This will include costs above the Medicare schedule fee. And a new system will be introduced that eliminates the need for patients to pay the whole cost of a medical consultation up front and to then lodge a claim for reimbursement with Medicare. Patients will be able to pay only the gap between the Medicare rebate and what their doctor charges. To back up these reforms, the government is injecting an additional $917 million into the Medicare system to strengthen this fundamental Commonwealth program and to protect the rights of all Australians to affordable health care.

Another key measure in the health portfolio is the provision of $42 billion over five years to state and territory governments through the new Australian health care agreements. This represents $10.2 billion of additional funding and 17 per cent real growth in funding over five years. These Australian health care agreements are the vehicle through which the Commonwealth assists state governments to guarantee free public hospital treatment for all Australians. Funding allocated for these agreements in this budget continues the coalition government’s record of consistently increasing expenditure for public hospitals.

The government’s package of industry reforms, Backing Australia’s Ability, has laid a solid foundation for the pursuit of excellence through innovation. The government has now committed to continue the programs in that package through 2006-07. It is also injecting a further $20 million to support CSIRO. Through the CSIRO’s Flagship program, leading Australian
scientists, research institutions and companies are undertaking vital research that underpins product development, productivity, profits, environmental benefits and job creation. Specific purpose grants have also been allocated to Geoscience Australia to assist oil exploration opportunities, and to the pharmaceutical industry to encourage additional research and development.

It is these kinds of programs—of which there are a multitude funded and operated by the Commonwealth—that provide vital support to Australian industry as it searches for a competitive edge in the international marketplace, examines commercial opportunities for Australian innovation, and seeks out better and more efficient ways of doing business in the 21st century.

Maintaining an economic climate and establishing a business environment in which companies can create jobs is only one half of the answer to the nation’s employment challenge. The other side of this challenge is to prepare people for work, particularly those who face distinct disadvantages in the labour market. The government’s progressive reforms to Commonwealth employment assistance programs have provided improved personalised assessment and services for job seekers, more opportunities for training and work experience, and more encouragement for people to find work or increase their earnings.

But the fact is that the government is constantly seeking further improvement. That is why in this budget the government has allocated $186 million over four years to improve employment outcomes and conditions for people with disabilities and their families. Greater and better directed assistance will be given to disability employment service providers, improving employment outcomes for around 6,000 new job seekers. There will also be greater incentives for service delivery in rural and remote areas, apprenticeship and traineeship placements, and work based assistance. Additional funding has also been provided for carers of children with special needs, enabling the parents of an estimated 1,250 children to undertake work or study in the knowledge that their children are in quality care. In recognition of the continuing disadvantages faced by Indigenous Australians in the work force, the budget also has a range of measures, costing $85 million over four years, to improve educational participation by Indigenous students, assist in the establishment of small businesses, and expand the existing Community Development Employment Projects program.

I have spoken at some length about some of the new programs and initiatives outlined in this budget. While each is important in its own right, the true picture created by this budget can only be appreciated by taking a step back from it. What we see when we detach ourselves a little is that the Commonwealth will spend $75 billion on social security and welfare in the next year, $32 billion on health, $12.5 billion on education, and $14 billion on defence. These are key priority areas, and the programs funded within them are all vital to the quality and character of Australian society. However, as the Treasurer has indicated numerous times since the budget was handed down, once these programs have been funded, and once the budget is balanced, consideration needs to be given to returning something to Australian taxpayers. This year the returns are modest tax cuts—modest but important. At a time when the demands on the budget have been great, and the international economy remains weak, these cuts will put extra money into taxpayers’ pockets. And as important as the tax cut itself is the principle behind it, one that establishes a clear direction for the future. Under this government there will be no wild taxing and spending, no indiscriminate slashing and burning. What sets this gov-
ernment apart is its commitment to stable economic management, sensible funding of key programs, and, once these goals have been met, relief for taxpayers. It is pretty simple, but it is also very effective. I commend the bill to the House.

Ms CORCORAN (Isaacs) (4.49 p.m.)—I rise to speak on Appropriation Bill (No. 1) 2003-2004. This government is the highest taxing government in Australia’s history, but it has actually managed to reduce the services it provides to Australians. It is shifting the burden of the cost for basic services from the public purse to the private purse at the same time as it increases taxes to the highest level in our history.

A civilised society is one in which everyone has the security of a reasonable income—through work, for those who can work, and through some form of social security for those who cannot. It is one where everyone has access to decent housing, good quality health care and education. At best, this budget does nothing to address any of these basic needs and in some areas it actually takes us backwards, notably in the areas of health and education. This budget sets out to deliberately divide the people of this country according to their income. It does nothing to improve the employment situation, it does nothing to address the circumstances of those in need of financial assistance and it does nothing to protect our children.

Before I go any further, I would like to take a minute or two to talk about the myth I keep hearing about this government being a good economic manager. I keep hearing this story, but I have to question the validity of this claim. If this government is so good at managing the economy, why is employment still at six per cent and forecasts have it remaining there? Six per cent is just the official figure—it is probably double that, if proper account is taken of those working part time or in a series of casual jobs when they really want a full-time job. Why is private debt so high and still climbing, particularly the alarming increase in credit card debt that we are seeing recently? Why are so many families incurring family tax benefit debts despite their best efforts at managing within a broken system? Why is Medicare collapsing? Why are universities screaming about serious funding shortfalls? Why are so many people in my electorate of Isaacs searching in vain for a bed for their frail elderly relatives? Why are so many families in Isaacs searching in vain for adequate child-care places? Why do some people who lose their jobs because the firm has collapsed also lose all their entitlements, whilst CEOs who are forced out because of their own failure get a taxpayer funded golden handshake measured in millions of dollars?

If one defines the economy as a series of numbers at the bottom of the page, then maybe one can begin to understand the myth—that is, unless you read the Auditor-General’s comments, which denounce the government for not including the GST take in its accounts, and unless you note that, unlike almost every other organisation in Australia, the Australian government reports on a cash basis rather than on an accrual basis. There is a good reason for this switch, which happened a few years ago, and it relates to dollars on the bottom line.

Health is a basic need for everyone. Medicare was established to ensure that all Australians had access to good health care. This was done by providing free and equal access to care in a hospital through the Australian health care agreements between Commonwealth, states and territories, and by providing universal access to the Medicare rebate for services provided outside of hospital. This second provision is often called universal access to bulk-billing, for this is essentially what the architects of Medicare were trying to achieve.
At the time that Medicare was established, there were essentially three ways for a doctor to be paid for the services that he or she provided to his or her patients. The first way was that doctors could bill the Health Insurance Commission at the end of the month for services provided to their patients during that month. Under this arrangement, the doctor would receive 85 per cent of the schedule fee for each service. This option had the advantage of efficiency in debt collection: there were no bad debts and no administrative time spent chasing debtors. This is the bulk-billing model.

The second and third options involved billing the patient at whatever fee the doctor chose. The patient could send the unpaid bill to Medicare, which would then send back to that patient a cheque made out to the doctor for 85 per cent of the schedule fee. The patient would then add their own cheque or money to cover the difference between the Medicare cheque and the doctor’s fee and send the whole lot off to the doctor. Alternatively, the patient could pay the doctor’s fee in full and then claim the 85 per cent rebate for themselves from Medicare.

Many doctors and their patients saw an advantage in bulk-billing rather than directly billing the patient, chasing debts and living with an uncertain cash flow. For a long time this worked well, and by 1996 about 80 per cent of doctors across Australia were bulk-billing. Since that time, this government has steadily set about the destruction of Medicare for ideological reasons. The Prime Minister is on record throughout the 1980s and into the 1990s as hating Medicare and being determined to destroy it. He claimed a change of heart in 1995 as he began to understand that most Australians saw Medicare as essential to their wellbeing and were not about to let any government take it away. In the lead-up to the 1996 elections, the then Leader of the Opposition promised to maintain Medicare.

From the day of his government’s election, the Prime Minister has worked quietly away at destroying Medicare. He has not increased the rebate for a standard consultation at all in that time. This means that doctors have had to move away from bulk-billing if they wanted or needed a pay increase to sustain their practices. Many doctors have, to their credit, stuck to bulk-billing, but more and more doctors are finding that it is not sustainable and are moving away from bulk-billing. In Isaacs the average bulk-billing rate has fallen from just over 84 per cent in December 2000 to 67.6 per cent in December 2002—a fall of 16½ per cent. In other words, patients are more and more, in effect, being denied bulk-billing, because a bulk-billing doctor is getting harder to find. The common practice in Isaacs, and probably everywhere else, is to introduce this shift by offering bulk-billing to pensioners only or offering it during certain hours and not after hours or at weekends. Some doctors have simply drawn a line in the sand and will not offer bulk-billing to any new patients.

Along with this is the increasing practice of doctors insisting that their fee is paid on the spot. This means the second of the three payment options I talked about earlier is withdrawn. If payment is demanded on the spot, the patient cannot opt to send the unpaid bill to Medicare for part payment. The patient obviously has to find the full fee up front and then wait for the rebate to arrive. For many people this is very difficult, if not impossible. It leads to the terrible cases I hear about of sick people not going to the doctor simply because they cannot find the $40 to pay the fee up front. It also leads to families taking one sick child to the doctor and sharing the medication—that is, the medication that was meant for one person—around the family. It leads to the story I heard the other day of families approaching Centrelink for emergency funds just because they need to go to the doctor. The government’s response to this cri-
sis—a crisis which they not only created but also have denied for some time—is to offer incentives to doctors to bulk-bill pensioners and health care card holders. No incentives are in place for doctors to bulk-bill any other patients. In fact, there is an incentive to not bulk-bill.

Under the government’s proposed changes, doctors will be allowed to charge the patient and directly access the rebate. This means that a patient who was formerly asked to pay $40 for a doctor’s visit could now be asked to pay $15; the doctor can get the other $25 directly from Medicare. This is clever, as the patient’s first impression is that they are better off because the up-front charge has been reduced. The astute taxpayer will see—as, indeed, many have seen—that the doctor can now increase his or her fees quite markedly and quite quickly before the patient feels any pressure. The result of this clever little move is that the doctors have received their pay increase and it has been met by families and individuals, not by government. In other words, the burden of the cost of health care has shifted from government to the individual—although we all still pay our Medicare levy. Many families are not on health care cards but are not well off and struggle to meet everyday expenses. These families are the ones who will be hit the hardest by the proposed changes to Medicare, and these families are the ones who are struggling now with a Medicare system which is creaking to a stop.

Let me address some of the deliberate obfuscating that has been put about in this debate about Medicare. I hear the argument that bulk-billing is available now and that this proposal does not change that state of affairs. The situation that faces my constituents is that they cannot find a bulk-billing doctor. Almost all of our doctors have moved away from bulk-billing. The point of the issue is that bulk-billing doctors are just not there on the ground, and nothing in this government’s proposal will change that. It is all very well to have access to bulk-billing in theory but the cold, hard facts are that most people in Isaacs—particularly in the outer suburban parts of Isaacs, like Carrum Downs and Cranbourne—cannot easily, or even with difficulty, see a doctor who will bulk-bill them. As bulk-billing becomes more scarce, constraints are lessened. Doctors can now—with less risk of losing patients—opt for fee practices that reflect more the doctors’ wish for easy debt collection than the importance of the patients’ wellbeing or access to health care when needed. Patients without a healthy bank account are now turning to the emergency departments in public hospitals, which in turn creates other pressures in the health system.

As I said before, the situation has got so bad that some patients are forced to go to Centrelink to seek emergency funds so that they can go and see the doctor. The experience of struggling to find money to pay the doctor, very often on the spot, is not limited to those with health care cards but is experienced by many families on low incomes. We are not a civilised society—let alone a prosperous society—if we have even one person who must check their wallet or bank account before seeking medical treatment.

In contrast to this dreadful scenario, there is the policy announced by the Leader of the Opposition—a policy which is focused on providing Australians with a health system they can rely on and turn to without question and with confidence when the need arises. The policy provides incentives for doctors to return to bulk-billing for all of their patients. This is done by lifting the rebate immediately to 95 per cent of the scheduled fee and lifting it again later to 100 per cent. In addition, the Labor Party proposes special incentive payments for doctors who meet bulk-billing targets. In most of Isaacs, the target is 80 per cent with an incentive payment of $7,500 per year. In the outer areas, the target is 75 per cent with an incentive.
payment of $15,000 per year. This means that once again the people in Isaacs will be able to seek medical advice when they need it without having to worry about how they are going to pay for it or, even worse, put off the visit to the doctor because they do not have $40 for the up-front fee.

Whilst the proposed changes to our health system are frightening, so too are the proposed changes to our higher education system, and the reaction in my electorate is just as strong. This budget proposes no spending in TAFE and an increase in fees in our universities. It offers nothing for most schools, but independent schools at the top of the table have had their funding doubled. Over its term, this government has taken $5 million out of university funding. Universities are in need of improved funding, and this budget offers that through increased student fees. This is another example of shifting funding from the public sector to individuals.

This budget proposes that universities will have the option of increasing their full fees by 30 per cent. They will be able to offer a greater share of their places to those prepared to pay full fees. This means that no longer are students accepted into universities on the basis of ability alone. It means that those who miss out on a place through the traditional sifting process—as flawed as that can be—and who have parents with deep pockets get a second chance at getting into university. Those without access to the deep pockets will just miss out.

The government argue that they are addressing these issues by establishing a loans scheme and by increasing the level at which HECS repayments kick in. It is true that the threshold below which HECS payments are not made will be increased to $30,000 by 2005, but this ignores the fact that, if this government had not reduced the threshold earlier, it would have been at $39,000 by 2005. We are being asked to be grateful for a partial restoration of an earlier cut. The loans scheme offers up to $50,000, but this is not much good to a student faced with fees far in excess of $50,000 for a university course. Melbourne University has recently announced that it is going to offer a full-fee medical course of $150,000. How many families can afford to find the difference?

These proposed changes can only lead to a divided society, one where decisions and divisions are made on the basis of money. Setting aside the inherent unfairness of all of this, it will also lead to a waste of those with talent and ability, to the detriment of those individuals and also to our society as a whole. It is fascinating that last year the government released the Intergenerational Report and dire warnings of an ageing society and the problems that this will bring. This year, the same government is prepared to forgo the potential of many of our young people by denying them access to an education appropriate to their ability.

This budget does nothing for people needing care in their frail old age. It does nothing for people needing care because of a disability. Aged care beds are still thin on the ground. Victoria had a shortage of over 4,500 beds across the state at December 2002, based on the government’s own measure of the number of beds needed. The situation is made worse by the existence of beds on paper that do not exist on the ground. We must start insisting that licence holders build the beds within a reasonable time or hand back the licences. We must get better at allocating the licences in the first place to those who have done their homework and are in a position to build without delay.

Aged care providers in Isaacs tell me about the trouble they have meeting operating costs within the current funding arrangements and about the difficulties they have in attracting
trained staff. This budget will not help. The wage disparity is a real problem, and the solution will also cause a problem unless the government takes action quickly. Nursing staff in the aged care sector earn just over 17 per cent per week less than those working in the public hospital sector. On the one hand, operators in my electorate cite this as a major reason for the trouble they are having in attracting staff. On the other hand, they say that the funding they receive will not pay for salary increases already in the system, let alone for any attempt at parity with nurses in the public hospital system. This budget does not address this critical issue.

Changes—and the government calls them reforms—are on the way for those providing employment to disabled people. These reforms involve increasing the wages of those employed in disability employment services, but they are unlikely to advantage disabled people at all and will almost certainly disadvantage them. These reforms come on top of a change in attitude to the employment services. Once upon a time, they were regarded as sheltered workshops, designed to give disabled people employment opportunities. These places were not expected to run at a profit through their employees, who often had high-level disabilities and low productivity levels. With the reforms on the way but without adequate support, many business services will be forced to put off many of their employees, and the ones who will be put off will be the ones with high-level disabilities. These people will have to search for scarce places in day centres and will lose their sense of purpose, responsibility and dignity that comes with holding down a job.

This budget takes more tax out of our pockets than any other government’s budget in our past but offers reduced services—a sort of pay more, get less offer. Medicare is on the way out. If you want your child to have a university education, you had better start saving now. Spending on legal aid has actually reduced in dollar terms and in real terms by 64 per cent. The family tax benefit scheme continues to be a shambles, with about one-third of all families across Australia each incurring an average debt of $800. There will be no new family day care places, no new outside school hours care places, no initiatives to address the shortage of qualified staff in child-care centres, no new funding to assist those caring for disabled people and no new funding to assist young people with disabilities with appropriate accommodation. Instead, many young disabled people will be forced to live in aged care facilities.

Chaos has been created in the disability employment area, with the jobs of many disabled people under real threat as the government tries to introduce major change without the necessary support it requires. There is no extra assistance for those suffering from domestic violence. In fact, $10 million was taken from this area last year to fund the antiterrorism ‘alert but not alarmed’ fridge magnets. There is nothing in this budget to help those who are unemployed or underemployed find the level of employment they want and need. At the same time, nothing is being done to stop our top executives from leaving a failing company with massive golden handshakes, while those who are left behind have to pick up the pieces and get any crumbs they can find. There is nothing in this budget to address the need for paid maternity leave. This budget is bad news for most Australian people. It threatens our access to basic services and makes life more of a struggle for those on low and modest incomes. It moves Australia further along the path of a divided society. It is a disgrace, and people in Isaacs will not be fooled by it.
Mrs HULL (Riverina) (5.06 p.m.)—It is an honour and a pleasure to be here this afternoon to speak on the Appropriation Bill (No. 1) 2003-2004 and the budget. I did not expect any great miracles or any great announcements in the budget for my electorate of Riverina; however, I was pleasantly surprised. Generally, my concern is that money is available when a crisis occurs or when a need arises in my electorate during the year, and budgetary requirements and budgetary deliveries are not of great concern to me. However, I was most pleased to find that there was a suite of you-beaut funding initiatives in the budget that could benefit my electorate. I am ecstatic about the Charles Sturt University being well positioned to receive increased funding through the suite of measures announced by the Treasurer on higher education. I am also ecstatic about the unexpected tax cuts to all Australians so that people can look forward to more money in their take-home pay.

I believe that budgets cannot deliver to everyone’s satisfaction; however, this budget is indeed a pleasant surprise as I was expecting it to be much tougher. Our much deserving aged care services can access additional funds and our disability sector will finally see some action on the case based model enhancement funding. One of my joys has been in the successful lobbying for money to be allocated to investigate options for the longstanding problem of the West Street junction exit at Gundagai. This exit has been neglected over a number of years. When I became the member for Riverina and when Gundagai was moved into my electorate at the last election, I made a vow that I would ultimately deliver a solution to the community. With the invaluable assistance of the Deputy Prime Minister, the Hon. John Anderson—and, indeed, of all his staff—the allocation of $80,000 for a feasibility study to be done on the issues surrounding this exit is a first step towards that solution.

I am sorry that the previous speaker, the member for Isaacs, has just left the chamber. I noted that in her speech she said that there was no new money for those suffering from domestic violence. In fact, I have here a very laudable blue book called the Women’s Budget Statement 2003-04 which gives details of the Partnerships Against Domestic Violence initiative. The government will provide funding of $5 million in 2003-04 and $2.5 million in 2004-05, and will extend the Partnerships Against Domestic Violence program, the PADV program, by one year to ensure that the government maintains its high level of commitment to this program. I am disappointed that recognition was not given to that commitment. Recognition should be given to the fact that there is again a suite of measures to facilitate and benefit women in all sectors. My particular interest happens to be in rural and regional areas. The Women’s Budget Statement 2003-04 has almost become a bible that I carry with me, as has the regional statement. We call the Women’s Budget Statement 2003-04 the blue book, and it offers us a suite of measures that we can go out and proudly sell in all our electorates.

The conclusion you come to is that you have to ask the question: is my cup half full or half empty? If you want to make something negative out of something positive, you can make that happen. We can all have a negative lifestyle. In fact, it takes a lot more energy to be happy than it takes to be sad. Sometimes it takes a lot more energy to see your cup as being half full than it takes to see it as being half empty. After I trawled through all of the budget papers I saw an enormous number of advantages and an enormous benefit being delivered to my electorate through this last budget. Sometimes it is difficult to go through all of these papers, pick up the measures that can be of benefit and then get them out to the beneficiaries in your electorate, but it is worth while. It is worth while for me not to go to the budget dinner but to stay...
back in my office and trawl through those papers, page by page. I can then immediately let the people in my electorate know about any benefits they will be able to capitalise on, so that they can determine what they need to do. And they do capitalise on those benefits. Charles Sturt University immediately saw the benefits of collaborations between universities. They determined that they were going to look at just how they could capitalise on the collaboration between universities process that the Hon. Brendan Nelson introduced in the higher education bill. I am really proud to be working alongside him.

I believe education is one of the big winners in this budget. Finally, after all this time, regional universities are being given an incentive. Regional universities are finally being given additional payments in recognition of the fact that they have to combat and overcome the difficult issues of distance, such as the cost to students of having to travel further to have their practical education needs met or the cost of having to live away from home. There are costs for young people when they are not able to study in their home city and utilise the benefits of public transport assets in major capital cities.

Charles Sturt University has been given a five per cent loading, over and above that which it received before. I think that is a great initiative, and one I was proud to present to the university. The measure is part of the government’s higher education reform package Our Universities: Backing Australia’s Future. The package provides more than $10 billion in new support for higher education over the next 10 years, including an estimated $6.9 billion in additional funding to the sector and approximately $3.7 billion in financial assistance to students through new student loans. Having one of the best regional universities in Australia in my electorate, I can attest to the fact that I was very happy to see regional universities recognised. Charles Sturt University was particularly well placed, with more students in nursing and more students in aged care courses. One of this government’s basic premises is that regional universities can deliver better outcomes—in fact, great outcomes.

With respect to health, the government are looking at improved access to treatment and referral for illicit drug users in rural and regional areas. That is something that is desperately needed. Our young people and our older, mature age people who have unfortunately fallen into the clutches of illicit drug dealers and developed a habit of illicit drug use need to be able to access these facilities throughout regional Australia. That will be of great benefit to all of us.

The government is providing more doctors where they are most needed by increasing the number of places in medical schools around Australia. This number has been increased by 234 every year and the number of GP training places has been increased by 150 every year, helping clinical schools. I am fortunate to have the University of New South Wales School of Rural Health in Wagga Wagga, in my electorate of Riverina. It is doing sensationally well and has provided enormous outcomes to rural communities over a period of time. It is already exceeding expectations in delivering, after their final exams, some very distinctive people.

The additional medical school placements that I have just spoken about will be bonded to areas of doctor shortages and the additional training places will be targeted to rural and outer metropolitan areas and not those city areas where, currently, doctors are proliferating and which are on the receiving end of bulk-billing, which is of course one of those things that my communities are not able to access in very many areas across the Riverina and across rural and regional areas in general. Bulk-billing is one of those areas that is more of a luxury than it
is a necessity. That is why I support the Minister for Health and Ageing in her great attempts to ensure equity of health services right throughout Australia and indeed throughout rural and regional areas.

The Minister for Health also recognised particular difficulties that were facing aged care facilities in rural, remote and outer suburban areas and has provided up to $38 million for capital assistance in this 2003-04 budget. These grants will be allocated for upgrading to meet quality and safety requirements or changing care needs. The reconfiguration of these services will enhance long-term viability—something that we are all looking toward. All of our aged care facilities are having some difficulties; however, we are in need of more aged care facilities, so the ones that currently exist need to ensure that they are long-term viable. We also need construction of buildings to accommodate new residential aged care places.

Under the multipurpose service program the Commonwealth combines its aged care funding, close to $40 million in 2003-04, with state health service funding to provide flexible and cost-effective aged care and health services to our small rural communities—just like Junee, which is currently looking forward to having a multipurpose services program, as are other towns across my electorate. These are fabulous initiatives that need to be commended. Again I come back to the question: is my cup half full or half empty? There is many a thing in this budget that one can truly generate interest in and excitement about throughout one’s electorate if one only wants to try.

In 2003-04 the government will continue to provide opportunities and financial incentives for students and health professionals to undertake education through a number of rural health scholarship schemes in medicine, nursing, pharmacy and allied health. That brings me to pharmacy. Pharmacy is one area that Charles Sturt University has absolutely excelled in. In fact, I was told by Professor Mark Burton the other day that here in Canberra there is one pharmacy that has had 17 graduates from Charles Sturt University’s pharmacy degree. That is exciting and is something of which they should be very proud. In 2003-04 approximately 2,400 doctors will be expected to receive rural retention payments. This is something that those in big city areas might take for granted. In rural areas when you are looking to retain a doctor those retention payments are of great assistance.

I turn again to the blue booklet to look at women’s issues. We are providing funding over four years to the National Breast Cancer Centre. We are continuing to be involved in that centre. Also, we are looking at herceptin as a valuable treatment for those women with breast cancer who have a metastasis. I am looking forward to those people being able to access better health programs through that availability of herceptin.

In the 2003-04 budget the government is releasing its response to the report of the Family Law Pathways Advisory Group, *Out of the maze: pathways to the future for families experiencing separation*—the pathways report. There is a whole host of conversations going on in this room; it is very hard for me to concentrate.

The DEPUTY SPEAKER (Hon. L.R.S. Price)—Order! Will those using the phones please do so quietly. It is a privilege of the whips to use the phones.

Mrs HULL—Consistent with the recommendation of the Family Law Pathways Advisory Group, the government has allocated $27.8 million to the Attorney-General’s portfolio in the 2003-04 budget to further enhance services around Australia which support families experi-
encing separation. That is one of the things that I think is most impressive within this blue booklet, because that is something that is definitely direly needed to ensure that our families who are going through separations have the support mechanisms that they need in place in order to be able to deal with these issues.

I have spoken before about the partnerships against domestic violence and also the national initiative to combat sexual assault. In 2003-04 there will be another $2.6 million for that initiative. I welcome that type of funding because, as I said, I am an elected member from a rural and regional area, and in an area such as this it is very difficult to access these services.

The National Leadership Initiative had an allocation in the 2001-02 budget. It was good to see a lot of women out there put themselves forward under the leadership initiative. The initiative, through the Appoint Women database, assists government to appoint highly skilled women to Commonwealth boards and advisory and decision making bodies—and not before time, might I add. We have, particularly in my area, some exciting and innovative women who can offer much to these developmental boards and programs. I look forward to this new direction of us being able to incorporate women into decision making processes in a far more meaningful way than has been the case in the past.

The government have also provided some age and community care in this budget. There will be a budget allocation of $58.3 million, an 8.6 per cent funding increase, to the HACC program. There will be more than 400,000 extra Meals on Wheels services, more than 500,000 extra hours of respite care and social support, more than 280,000 extra hours of domestic help and more than $250,000 extra for home modifications for age and community care. The budget will provide a 10.5 per cent funding boost to specialist assessment teams which refer people to care. This 10.5 per cent funding increase includes $2.5 million in new funding for aged care assessment teams, who assess client care needs. This budget also includes a $17 million or 6.2 per cent funding boost to community age care packages which provide personal care to people in their own homes.

It was great to see that finally there is going to be a culmination of Roads to Recovery, one of the most popular programs that has ever been implemented by the Commonwealth government. It is well received and respected in my electorate, particularly by local governments and councils. They see state parties being bypassed and them being able to receive this money first-hand. They will be able to put this money into projects around their own electorates and their own communities that they see as being urgent and in need of work. We also have Roads of National Importance, with the major regional freight roads connecting to interstate highways project receiving $227 million in this budget. There is lots of good news on roads.

We also have local government receiving more than $1.5 billion in financial assistance grants. This again is an increase: 3.7 per cent or $53 million compared with last year. This is an increase of $340 million since the Commonwealth government came to office. That is a commitment to the government that is closest to the people: local government. Local government was enjoyed by many of the people who occupy this chamber now. It is where they originally were introduced to the political process, a process which obviously made them want to come forward and represent their people in this House.

The budget includes some great developments in agriculture, with $20.4 million in funding for this financial year and the same for the 2004-05 financial year. The Agricultural Development Partnerships program is an exciting program which provides assistance for structural
adjustment targeted to specific agricultural industries and regions experiencing problems affecting profitability and sustainability. There is $7.4 million available now to look at those Agricultural Development Partnership programs, with a further $7.6 million available in 2004-05.

Having experienced the worst drought in the history of the Riverina—and we are still experiencing the worst drought, might I add, with very little rain having fallen in my electorate—I am grateful to see that Farm Help has again been delivered in the budget, with the news that applications for income support and re-establishment grants that were due to close on 30 November 2003 have been extended until 30 June 2004, and the government will provide $24.9 million in funding in 2003-04 for that initiative.

I am coming to the end of my speech. I will wrap up by saying that defence also fared well in the budget. Having the wonderful Kapooka Army base and RAAF base in Wagga Wagga in my electorate, I was most impressed to see that the continuation of this funding will ensure the survival of defence in and around the electorate of Riverina.

Mr BYRNE (Holt) (5.26 p.m.)—I congratulate the member for Riverina for her speech, which she gave under duress. Tonight I rise to discuss the budget, the Appropriation Bill (No. 1) 2003-2004. The budget provides a government with an opportunity to address the pressing needs and deficiencies in our society; it provides an opportunity to make a difference to the lives of ordinary Australians and to ease the financial strain on families. Yet the Howard government elected not to take up this opportunity, particularly with this budget.

Instead, families have been hit hard by the highest taxing government in Australian history. Paradoxically, whilst these families are paying more in tax, whilst they are being expected to bear an increased burden for costs and services that up until now have been the responsibility of government, this budget has betrayed Australian families, particularly those in my electorate of Holt. But you may say, ‘Why should he be believed?’ and that may well be the case. I would like to refer to third parties, particularly people like Mr Ross Gittins, who writes for the Sydney Morning Herald. The member for Melbourne Ports may be aware of Mr Gittins, a very well respected economic commentator.

Mr Danby—Erudite.

Mr BYRNE—He is very erudite. The Minister for Education, Science and Training made mention of Mr Gittins favourably yesterday, I believe.

Mr Danby—But selectively.

Mr BYRNE—Yes, selectively. I would like to broaden the education minister’s perspective on the writings of Mr Gittins and refer to a column that he wrote on 21 May with respect to the budget. It is entitled ‘Three classes, two tiers, one sitting’. This may interest the member for Melbourne Ports.

Mr Danby—It does.

Mr BYRNE—I know it does. The article states:

For those voters with the wit to notice, John Howard is putting the ideology—and the class consciousness—back into politics. If you hanker for a real, old-style choice between Liberal and Labor, you’ll get it at the next federal election.

The double centrepiece of this year’s budget—the plans for major changes to Medicare and university funding—has suddenly made it clear how radical is Howard’s ambition to change our society.
Change our society, Member for Melbourne Ports! He continues:
And it has belatedly made it apparent how far he’s got towards achieving that ambition.

His intentions for Medicare and university fees involve greater reliance on user charges. But it goes much deeper. The great ideological question that has divided Liberal and Labor over the decades is the proper role of government.

He then goes to touch on that. Further in the column:

Though Howard came to office with a promise to preserve Medicare, it’s now clear he’s been working to restore a more individualist health-care system since the outset.

‘Individualist’ meaning an American style public health system. He continues:

He began by seeking to revive private insurance (and, hence, private hospitals) with two sticks (the 1 per cent Medicare surcharge on higher-income earners without insurance and lifetime community rating) and one big carrot: the non-means-tested 30 per cent tax rebate.

In this budget we see him progressing to a plan which would eventually reduce bulk-billing to a safety net for pensioners and other card holders, while allowing the private funds to get back into insuring people for the gap between their doctors’ bills and the Medicare rebate.

I think what Mr Gittins is trying to say is that this man has had an ideological bent—a drive—to make the Australian public health system like America where, instead of being able to go to a general practitioner, you wind up in the emergency wards of hospitals. We will have, I think, a system like that shown in the television series ER, because in ER a lot of people that present to the emergency rooms are people that should have gone through their general practitioner. But, quite clearly, Mr Howard has been working for some time to make Australian hospitals like ER.

Mr Danby—Bradfield didn’t notice that, did he?

Mr BYRNE—He did not notice that. I would like to also touch on his reforms, discussed in this budget, in terms of universities and touch on Mr Gittins’s concerns about what that will mean in terms of the funding. This will advantage high status, sandstone universities relative to the outer suburban and regional universities. They will be able to pay higher salaries to attract better staff, and the eventual result will be a much more apparent gap between rich and poor universities. The package also introduces public assistance to private universities. So we are being moved towards two tiers: public and private systems in health and education.

In socioeconomic terms, however, this creates not two classes but three. We have the poor protected, apparently, by the public safety net and the comfortably-off happily going private. In between, however, we have the genuine battlers who are not poor enough to get the safety net but cannot really afford the private. That is what we have got. We have Mr Ross Gittins, a well-respected commentator, actually belling the cat on what the effects of this budget are. I have just touched on those in terms of the destruction of the health system and the education system.

The 2003 budget has highlighted the vastly different priorities between the two parties. We are being marched backwards. The aim, as discussed in Gittins’s article—but in a much more genteel way—is an American user-pays system across all aspects of Australian life from medical advice to medicine and education. In keeping with the values contained within the ALP, these measures are unacceptable. Labor knows that forcing families to pay for health care that they cannot afford is wrong. Labor knows that forcing our kids to somehow find a
$100,000 loan so they can achieve their dream of going to university is wrong. We want to deliver on the things that are important to Australian families. We want to give a fair go to all Australians, not just the rich. We have made a commitment to maintain and improve the vital services that Australian families, particularly in my electorate, cannot do without and should not have to do without—services like Medicare, child care and access to universities.

I want to talk about specific examples in the budget. My first issue is child care. We—that is, Labor—understand that parents just cannot afford to have one parent at home full-time for the first five years. Indeed, by the time a child is three years old, roughly 68 per cent of mothers are back in the work force. Anecdotally and generally, these families need child care to enable them to go to work to pay for things like their mortgages and groceries. Whilst Labor knows that child care is vital for parents in enabling them to provide for their families, the Howard government appears to have no clue. Mr Costello’s 2003 budget did not provide any extra child care places, particularly in my electorate, which is an exploding growth corridor based in the outer south-eastern suburbs of Melbourne. This is the third year in a row that no extra places have been provided, despite a demand which is far outstripping supply. Even in a huge growth corridor, as I have said, the government has provided zero assistance for new child care centres. Instead, the Howard government has rewarded parents who can afford to stay at home whilst ignoring parents who have to go to work.

Mr Deputy Speaker Price, it may surprise you to learn that there are 38,115 children in the city of Casey, which encompasses my electorate, between the ages of zero and 11. There are 20,000 children aged between zero and four. The city of Casey has a population of 201,000; within the next 10 years, it will be 300,000. That city is going to have the population of Canberra now, but it is not going to have the facilities to provide appropriate child care services for families that live in my electorate. This is completely unacceptable. How can you possibly justify not providing any new assistance to an area that has 38,115 children aged between zero and 11? I just do not understand, Member for Melbourne Ports, what this government’s priorities are. Perhaps you can explain this to me in your contribution.

This situation was exemplified by comments made by a constituent of mine, Leanne Cartledge, who cannot find before and after school care for her nine-year-old daughter. Her only option is to stop working, which will hit her family hard. Leanne says:

All of the families I know are two-income families. My husband is self-employed and his income is not regular. People need both incomes for their families. But I have no choice but to stop working unless my daughter can obtain an after-school placement.

Leanne again:

They encourage mothers to re-enter the work force but they aren’t giving us any incentive, any help. I’m making a huge sacrifice as it is—I drop my daughter off at 6.30 a.m. and I don’t get to see her until 6.30 p.m. I—and other mothers I know—have gone back to work because we feel it is the right thing to do. But how can we work when there are no facilities to assist us?

Families like Leanne’s work hard to provide for their children. They deserve assistance, not punishment, for their efforts. Labor will provide the assistance.

There is another insidious thing happening, and it concerns the Special Needs Subsidy Scheme. As I said, there are a lot of young families with young children in my electorate, so the need for this sort of service is disproportionately high in my electorate. One of the core tenets of Labor’s ideology is that all of those who suffer from a disability deserve our com-
passion, our respect and our assistance in every respect. This obviously escapes the Howard government, who have discriminated against disabled children—one of the weakest and most vulnerable groups in our society—through their freeze on the funding for the Special Needs Subsidy Scheme.

One of the children affected by this freeze is William Vu. William is two years old and is autistic. His parents, my constituents Son Vu and Thuy Cai, both work full time just to make ends meet. Earlier this year, the Vu family faced the possibility of William not being able to remain in child care. His centre was not adequately staffed to cater for William’s special needs and had the capacity to care for William only until 2.30 p.m. each day. The purpose of the Special Needs Subsidy Scheme is to provide funding for trained staff who can assist children like William. Yet, despite an application lodged four months ago, William and his parents are still waiting. In desperation, his parents were forced to change William to another child-care centre in order to ensure that they could continue to work and to pay their bills. There are currently 1,500 disabled children on the waiting list—that is, 1,500 children very much like William Vu.

Intervention is very important for this age group. It can mean a difference in quality of life for an individual. This is not something that we can blithely disregard, this is not something that is a matter of ideology; this is a matter of looking after the poor and most vulnerable in our community. What does a freeze on the Special Needs Subsidy Scheme quite clearly say to those parents? What does that say about this government’s priorities with respect to some of the most disadvantaged members of our community? We are about providing hope to the community, not despair. This government has delivered despair through its freeze in funding to the Special Needs Subsidy Scheme.

This year’s budget managed to allocate 1,200 extra places over the next four years. Let us look at what will happen. By the time two-year-old William will get a supported child-care place, he will be in primary school. William, his parents and thousands of other families have been abandoned. This is a terrible decision. The 2003 budget, which should have provided hope and assistance to children, has provided bitter disappointment. The Commonwealth does not provide adequate funding to the states for such services and facilities. As a consequence, specialist preschools for kids with disabilities are few and far between.

Studies in Australia, the United Kingdom and the United States indicate that the prevalence rate of children with an autism spectrum disorder lies between one in 100 and one in 250, with one child in 160 to 200 having an autism spectrum disorder to such an extent that targeted intervention is required. However, with early detection and early intervention, children with autism make substantial gains, thereby reducing whole-of-life costs. So, even if we wanted to look at this from a rationalist perspective, targeted early intervention and assistance schemes would reduce the costs to the community. Most autistic children receive little or no intervention, which is heartbreaking when one considers that studies in the United Kingdom have shown that these children can experience significant developmental gains with only 10 hours per week in an autism specific preschool class.

The annual cost to Australia incurred by autism—if one can possibly estimate that—is estimated to be in excess of $1.3 billion. Early intervention can reduce whole-of-life costs by two-thirds. So, even if we have to debase ourselves by having an economic argument about those who are the most disadvantaged in the community, we are saying that early, targeted
intervention—something like 10 hours per week—will reduce that $1.3 billion whole-of-life
cost by two-thirds. If the Prime Minister were serious about pushing his supposed early child-
hood agenda, he would immediately act to implement the early intervention programs which
children like William need and deserve. Not only would a funded early intervention program
act to improve the quality of life of these children, but also in the long term it would save the
government a significant amount of money.

Let us touch on one of my favourite areas, particularly in my region: Medicare. Where,
once upon a time, families were able to focus on primary costs such as grocery bills, petrol
and mortgage repayments, they will soon have to factor in saving for doctors’ bills and their
children’s education in a growth belt area. If we were talking about this particular issue, we
would be talking about primary costs. Let us talk about the level of debt that many people in
my electorate are carrying. Many young families have shifted into my electorate off the back
of the government’s First Home Owners Scheme, which attracted many people into this area.
Many young families took out mortgages that required two incomes to enable them to build
their future, the Australian dream. Many families in my electorate are facing financial difficul-
ties as a consequence of those mortgages. Many of these families are paying for their food
bills by credit card. It is interesting that my friend and colleague the member for Bruce, Alan
Griffin, touched on this today when we talked about the exploding credit card debt. Average
credit card debt, I regret to inform this chamber, has hit a record high of $2,455, and average
credit card limit has hit a record high of $6,988. Credit card debt, overall, has increased to
$23.32 billion for April 2003—an increase of $370 million from the previous month. It is an-
other record.

Many families in growth belt electorates are using their credit cards to pay for things like
food and other essential items, and governments that ignore this fact do so at their peril. There
are lots of young people who have come into my area with the hope of a better life and of
providing education and job opportunities for their children. What is happening is that they
exist on their credit cards and, worse, fundamental services like universal health care are be-
ing destroyed in this region. We in Labor pride ourselves on our particular health policy. I will
talk about the diminution in bulk-billing rates and its impact on young families.

In the June quarter of 2000, 91 per cent of all services in Holt were bulk-billed. This may
stun you. By the September quarter of 2002, the level of bulk-billing had dropped to 77 per
cent—a 14 per cent drop—and it will continue to slide. This provides great concern to me, in
particular. I have had a lot to do with the Dandenong Division of General Practice, a group of
doctors—250, I think—that represents something like 76 surgeries. This is a good group of
doctors who are very concerned about what is happening to bulk-billing in the region. Their
chief executive officer, Anne Peek, has said quite categorically to me that, if the rate of bulk-
billing continues to slide, within the next five years there will not be one doctor who will
bulk-bill in this particular area.

When the government’s policy was released, there were off-the-record conversations with
medical practitioners. There were grave concerns that the package that was proposed by the
Howard government would not be able to be implemented. It may surprise you, but even the
software system being trialled at the present time is inadequate and, even if this system were
to be implemented, some doctors are saying that it would take two years plus. So what will
happen to the rate of bulk-billing during that two-year period, even in a best case scenario?

MAIN COMMITTEE
We want to restore bulk-billing in areas like mine. There are many young families who, if they have a sick child at night, will not be able to find a doctor. As a consequence of a lack of funding and the diminishing rates of bulk-billing, people are winding up in the emergency wards of the Dandenong Hospital.

The Dandenong Hospital is a fine hospital. It is a major regional hospital, and it has had an 11 per cent increase in general admissions, which corresponds with the diminution in the bulk-billing rate. What is that saying? One doctor had the temerity to say to me that that did not mean anything. But then I checked with the people who were coming out of that particular doctor’s practice, and they were actually going to the Dandenong Hospital because they had two or three children who were sick and they could not afford to pay the up-front fee. They could not afford to wait X number of weeks before they got the Medicare rebate. Families in my electorate deserve bulk-billing. They have paid their taxes; they do not want to have to pay another fee. They have paid for a health system, and that health system should be guaranteed by the government.

My time is short and my story is long, but I will have to finish up. Families in my electorate deserve assistance from the government. This government professes to be family friendly. I say to you, Mr Deputy Speaker Price, and to those present that the Howard government, in this budget and in the past three budgets, has failed the electorate of Holt. I look forward to the next election, when we can implement our policies. Labor’s policies will give our families hope—not despair, not a user-pays two- or three-tiered system, not a system that advantages the wealthy versus the poor and most vulnerable in the community. Labor will provide a health system and an education system that deliver access, equity and fairness to the Australian people.

Mr DANBY (Melbourne Ports) (5.46 p.m.)—Last week in the Main Committee I outlined some typical responses to a newsletter and survey I had recently sent out to every household in the fair suburbs of Melbourne Ports. Hundreds of constituents responded to this survey and told me about issues that are very germane to this discussion on the Appropriation Bill (No. 1) 2003-2004 and the budget. Surprisingly, despite the national security and international affairs issues that have so dominated the last eight months—and obviously the government is relaxed and comfortable with those kinds of issues—they are not now the primary influence on constituents in Melbourne Ports. Just like the people in the member for Holt’s electorate, the people in my electorate are concerned about health, aged care, education and family policies.

An inner city seaside electorate is very different from the member for Holt’s electorate, but some of the same issues are emerging. We are in the inner city, not in the outer suburbs as Holt is, but issues like health are still very important to people in my electorate. Many of my colleagues have spoken about the unfair Medicare changes the government has proposed. Like many things this government proposes, the devil is in the detail; the deceit is in the depths of the package. It all sounds good: there will be more money, and how can more money be bad? Quite easily: when it is actually less money, when it is badly targeted and when it is spent on the wrong things. Medicare is in a perilous state. More than 10 million fewer GP visits were bulk-billed this year compared to when the Prime Minister came to office. That is 10 million more patients who pay to see their doctor. In just two years the bulk-billing rate in Melbourne Ports has dropped by more than 12 per cent. The government’s recent announcement means Australian families will pay more for their health care. Now there
will be two tiers of Medicare, and everyone except pensioners and the poor will be excluded from bulk-billing.

The Prime Minister has refused to give any guarantees that his plan for Medicare will stop the decline in bulk-billing. Under the Liberal scheme, families earning more than $32,000 a year will be denied access to bulk-billing. What have the Australian Medical Association said about this? They have confirmed that doctors are ‘going to have to charge their non-concession card holders more as a result of the changes’. The government has admitted it will ‘have no control’ over the fees that doctors charge. The copayment in Melbourne Ports is the third highest in Victoria—it is at $17.18 at the moment—and has increased by 10 per cent in two years. With the government’s changes, I expect there will be bigger copayments made by the people in Melbourne Ports. We are the third highest behind the electorates of Higgins and Kooyong, where people are paying around $18 for each visit to the doctor. Melbourne Ports has the highest level of copayment of any Labor seat in Victoria.

While some would like to think that my electorate is a wealthy area—where each family and each individual can easily afford $17 for each visit to the doctor—that is not the case. One in four families in my electorate lives on less than $500 per week, compared to one in five in Kooyong or Higgins. The ‘Howard battlers’ who are constituents of Kooyong or the Treasurer’s electorate of Higgins—who earn $1,176 or $1,103 per week—may not have any problems paying $17 or $18 in a copayment, but many of my constituents, with a median income of $200 a week less than those in Kooyong and Higgins, are straining to make ends meet. This brings us back to the ‘Howard battlers’ of nearby Higgins and Kooyong. As they battle to decide which four-wheel drive to buy this week and battle to decide which full-fee paying university place their kids will go to—instead of that place being filled by a more deserving, or at least equally deserving, student from a poorer family—they battle also to decide what to do with their above average tax cuts. Despite earning nearly $200 a week less than residents of the two electorates I mentioned, my constituents are still paying the same copayment. This is how it is affecting people on the ground.

A mere $200 a week may not seem much to the people of Kooyong or Higgins, but I can assure you that for people in my electorate it really counts. The $17 copayment is something that will increase and it will even affect people on incomes that are higher than the member for Riverina’s. I, like many other responsible members on this side of the House, have been running a petition to save Medicare from the destruction of the current government. Hundreds of Melbourne constituents have signed it. It shows how concerned people are about the destruction of bulk-billing. They are feeling sick about having to pay more for health and more to see a doctor. The deceit has come to light; the devil has emerged. That is what it is about: people paying more. People are paying more to see a doctor. There are circumstances where people feel they have to see a doctor but the cost is deterring them. That is what this government is all about: paying more. This government is about paying more to see a doctor, paying more for prescription drugs and paying more for education.

In the area of education, as in the area of health, this government is committed to changes which will make higher education more expensive. I do not think there can be any doubt about that. The government is allowing universities to charge 30 per cent extra and increase the number of full-fee paying places: places where money, not merit—wealth, not worth—determines whether you get in. The government now says that Australian students can buy a
place, just like overseas student fee payers at our universities. What the member for Bradfield said is true: Australians can now be full-fee paying like overseas students. But is that what we want? Australian students can now buy a place ahead of more deserving but less wealthy Australian students. We have the possibility of people, simply because of their wealth, jumping the queue for higher education. I thought this government were opposed to queue jumping. The government sent the Navy and the SAS to stop queue jumping in other places but now they seem to be in favour of it.

In 1905, the then tory Premier of Victoria, the aptly named Sir Tommy Bent, said that ‘brains, not money should be the passport to the higher realms of knowledge’. Back then, high schools were ‘higher realms of knowledge’. This remark was made by Sir Tommy Bent at the opening of the Melbourne Continuation School, the predecessor of Melbourne High School. It is a real shame that this government does not understand even this old tory’s views of education. It was understood nearly a century ago and it is understood by the majority of the Australian people and by the Labor Party.

My electorate is a highly educated electorate. Melbourne Ports has the eighth highest number of university graduates in the country, and it is third in Victoria—third, as you guessed, behind Kooyong and Higgins. A lot of people in my electorate have tertiary qualifications. Almost 10 per cent of my constituents are currently at university, which is the fifth highest proportion in Victoria—again, behind Kooyong and Higgins. Students in my electorate, however, do not live in huge mansions like students in Kooyong and Higgins and I am concerned that they will not be able to pay these full fees that people in electorates nearby would perhaps be easily able to afford. Students in Melbourne Ports are struggling. They are renting. They are working part time just to be able to stay at their studies and improve their lives as the Australian people want them to.

In my view, education is not a commodity like cars, clothes or entertainment. Money should be able to buy you materials—that is part of the economy in which we live—but it should not be able to buy you unfair preferment and advancement. That is the fundamental difference between this side of politics and our conservative government: money versus merit, wealth versus worth.

I did a search this afternoon for members who have discussed equality of access in relation to health and education. Do you want to know the last time anybody on the other side discussed equal access? It was not last week or last month: it was the member for Hindmarsh in June 2000. However, she was not supporting equality of access when she said: ‘There has never been a society like this, where people in the lower socioeconomic sections have equal access to the same benefits as those with a greater income.

We have to go back to the member for Herbert in 1999 to get a discussion of the same topic. He was discussing broadband. We keep searching and finally we reach the member for Riverina on 2 December 1998, who was here earlier. We should mark that day: that was the last time any member of the government supported equality of access for health—but then, it was only in regard to where people live, not income or family background. There seems to be a great double standard with some of the National Party members who represent their constituents in this parliament—but at least the sentiment was right. So, for four years and six months nobody on that side of the House supported basic fairness, basic equality or basic justice.
Child care is another area identified in the survey that I got back from hundreds of my constituents that is an appropriate discussion for the debate on this bill, and where the government is simply playing around. As I mentioned in the beginning, this is an area that my constituents are particularly interested in. I know that from a recent visit to the St Kilda East Child Care Centre, which I visited with the very capable shadow minister for children and youth services, the member for Gellibrand.

In January 2003, this child-care centre in Balston Street wrote to me to complain about the lack of government assistance for special needs children. This matter was raised by the member for Holt, who has just spoken. This particular centre is a small childcare facility in a converted house on a suburban street. Like many of these childcare centres, it is run by two very dedicated and committed carers who serve the needs of the community in the local area. It caters to the many needs of the community from different ethnic and religious backgrounds—there is a potpourri of all kinds of children there. Yes, it is a commercial centre, but they make a great effort to help the families of that area—all kinds of hours are worked, with people starting incredibly early hours in order to help working families.

Last year, the centre had two children with special needs of some sort, each requiring private care and tuition. In April 2002, when the government decided to freeze funds for the Special Needs Subsidy Scheme, this centre was left without government aid to support the burgeoning needs of their children. In writing to their federal MP their goal was simply to alert people of their situation. What should a centre like this do? Should they throw these children out? Is that what the government wants them to do? Of course they did not; they took the cost on themselves.

I passed their letter on to Nicola Roxon, the member for Gellibrand and the shadow minister for children and youth affairs. She was well informed about this issue and visited the centre with me. We discussed the one-year anniversary of the freeze of the special needs subsidy scheme with the coproprietors, Val Robson and Gill Marsden, who showed us around the centre and introduced us to some of the children and carers. We spoke in particular about the situation of children who would be disadvantaged if the centre simply operated on a commercial basis because that government assistance was not there and because of the freeze on special needs funding.

Commercial albeit committed, this childcare facility still have one child in their care this year with special needs and a dedicated worker to look after him, without federal government assistance. This situation is untenable in the long term and they want something done. I am currently in the process of drafting more representations to the minister about this matter. In the meantime, the story of this centre made the front page of the local newspaper—as it should—which was very condemnatory of the current government. While I was there I learnt how this government has ignored child-care and the needs of young families.

The government expenditure per child care place is now back to the level it was in 1993-94, when the government spent $3,322 per child. In 2001-02 it was $3,291. This means Australia is spending less than all other OECD countries except Turkey and Ireland. We have good relations with Turkey and Ireland, but I do not think Australia should be down the bottom of the pile in expenditure on this vital area of child care. This, in my view, is another short-term, short-sighted funding cut, like those in higher education.

MAIN COMMITTEE
The government has also cut the operational subsidy for community based long day care centres. The Australian Bureau of Statistics recently released a child care report that showed 174,000 children are now in need of child care which they cannot get. I can certainly anecdotally reflect that through the views of mothers in my electorate who are suffering from a lack of long day care. What members opposite fail to understand is that expenditure on these things is in fact an investment in the future. Most of a child’s development occurs in the first years of life. Unless the government invests in quality child care, how can it expect these children to succeed in the future? I thought that would have been something the other side understood—not children but investment. I think they understand things like trust funds and shares, but they do not seem to understand that they cannot expect to reap what they do not sow. That is exactly what they are expecting of child care. The Labor Party will invest in child care. The Labor Party will reduce waiting lists and recognise the importance of children.

One last area that needs examination, that is appropriate to this discussion of the appropriations, is the Liberals’ misappropriation in the area of aged care. I recently visited the Emmy Monash Home for the Aged in my electorate, as I do quite often. I have been there many times. This time I went with the then parliamentary secretary to the shadow minister for health and ageing, the very energetic member for Lowe, who is very well known on our side—a person who really is devoted to the aged around Australia. His focus during the visit was the two key ethnic aged facilities in my electorate. After visiting the largest of these, the Montefiores homes, in the morning, we went to the smaller Emmy Monash home. This facility is smaller and newer. We met Margaret Gelberg, the quality manager of the home. She spoke about the history of the home, the type of residents, and the particular problems it has because of its ethnic base. As they become older—as the modern idea of ageing is in place—they have all kinds of problems, such as reversion in language et cetera, that the home has to deal with. Mrs Gelberg explained some of these issues, and she focused on the budgetary and funding cuts; the inability of the residents to pay; and the necessary reliance on charity, donations and goodwill.

I will be giving a Centenary of Federation award to one of the private people who has to make up for the government’s inadequacy in this area, Mr Les Erdi. Les is leading the capital fundraising program and appeal for the home. He will be a greatly deserved recipient of the Centenary award, because in the case of this home he has to make up for what the federal government does not do. It is amazing the number of areas this government has cut. With the largest taxing government in this country’s history, one would think that people would be receiving decent services, decent health care, decent aged care and decent education. Unfortunately, they are not.

As the shadow minister for ageing, the member for Canberra, said recently, the budget does not offer one new residential aged care place—despite a chronic and growing shortage. The Howard government has turned a surplus of 800 aged care beds in 1996 into a 10,388 shortfall in December 2002. There are now 21,125 phantom beds that have been promised and allocated but never eventuated, compared to 17,920 in June 2002. Victoria has the highest number of bed shortages. In Victoria, there is a 4,548 bed shortage. There are a further 7,025 phantom beds in Victoria.

The excellent contribution of the member for Holt focused on the kinds of divisive economic policies, the kinds of policies that Mr Gittens identified in his recent article that he un-
derstands this conservative government stands for. We have had a very disappointed Treasurer, quavering at a press conference, saying that he stands for a more sensitive, understanding and tolerant Australia. If we are to go to the next federal election with the current policies of this conservative government in place, it will be like an old-time election, where the Labor Party stands with very different policies from the current conservative government in areas such as health, education and child care and many others. This has become clearer and clearer to people as the Prime Minister has become more confident in putting into place his agenda in all of these areas. It is the kind of society that this side of politics does not stand for. We stand for the egalitarian ethos that most Australians identify with, and I think that will be very clear at the next election when people make their choice.

**Mr JENKINS (Scullin) (6.06 p.m.)—**This debate on the Appropriation Bill (No. 1) 2003-2004 provides us with an opportunity to look at the priorities of the government with respect to those things that it sees fit to expend Commonwealth moneys on but also to look at the way in which it goes about collecting those moneys. It also provides an opportunity to indicate that areas of public policy of course are not simple things. They are rather complex when we look at the way in which they interact and impact. I want to illustrate that fact by looking at one aspect of public policy—that is, the private health insurance rebate. I wish to place on record my concerns about the way in which it has, in fact, panned out. By way of interjection, outside of the standing orders of course, the honourable member for Sturt asked whether I oppose it. Certainly, at the outset and on the record, I did not think it was a very good idea. The simple fact was that at that time, and probably to a certain extent now, I believed there were more efficient ways of using Commonwealth public moneys to achieve the outcomes that the government gave at the outset of the 30 per cent rebate.

**Mr Pyne—**Mr Deputy Speaker, I seek leave to ask a question of the member for Scullin.

**The DEPUTY SPEAKER (Hon. L.R.S. Price)—**Is the member for Scullin prepared to allow a question?

**Mr JENKINS—**Mr Deputy Speaker, from the outset, I should say I do not mind the intervention but I cannot promise the member for Sturt an answer.

**Mr Pyne—**My question is: would he prefer the money that is being spent on the private health insurance rebate to be channelled into the public hospital system as a better priority for public health in this country?

**Mr JENKINS—**If the member for Sturt bears with me, I will canvass across that area sufficiently to give an answer. Obviously, if I do not, it will prompt another intervention. I wish to acknowledge that at this time of course, one aspect about public policy is that it has been in place for a number of years. Integral to the way in which I want to develop the arguments about how we should look upon this example of public policy is that, whilst I could break this down into a simplistic argument, I acknowledge that it is complex. One of the complexities is that, as this policy has been in place for a number of years, a number of worthy recipients of the assistance would therefore have factored it into their family’s budget. The contention I wish to make is that that does not mean that we should not review the 30 per cent rebate, not review the outcomes that have been achieved because of it and not review its coverage—and I hope to go to those aspects of my argument.
At the time of the introduction of the 30 per cent rebate, a press release from the then Minister for Health and Aged Care stated:

Dr Wooldridge warned that falling membership in the private health insurance funds could threaten the viability of the public hospital system.

There was obviously an intention in putting in place the 30 per cent rebate to in some way have a positive outcome in people’s access to hospital systems—in particular, public hospital systems. That is an indication that the government felt the rebate was a way of achieving a reduction in the waiting lists of the public hospital system by encouraging people into private health insurance and therefore encouraging them to have alternative access to private hospitals.

What was clear from the outset was that the 30 per cent rebate towards private health insurance became not only an indirect subsidy to the private hospital system but an indirect subsidy to a whole host of other health related matters that were covered by private health insurance. In particular, I talk about ancillary services. One ancillary service in particular that I want to highlight is dental health. As I said, it was not publicly indicated by the government that there was any intention over and above the intention that this private health rebate would do something about the reduction of waiting lists in public hospitals in a very indirect manner.

The opposition then raised with government the fact that the 30 per cent rebate would flow to ancillaries, and those ancillaries include all sorts of exotic things like gym memberships and the like. While people want to argue that those preventative measures are worthy of support, if they are worthy of support then perhaps the subsidy that the government makes through the Commonwealth private health insurance rebate could be more directly placed.

At the time, back in 1998, we raised with the government the fact that this rebate flowing to ancillary services flowed to the provision of dental care and therefore was a subsidy to the provision of private dental care. We contrasted it to the decision earlier in 1996 when the government decided to halt the pilot program of the Commonwealth dental health scheme six months before its four years were up. The reason why we highlighted it back then was that it was estimated that the rebate occurred—

Mr Pyne—I am wondering whether my friend will give way to a further question.

The DEPUTY SPEAKER—Will the honourable member for Scullin take a question from the member for Sturt?

Mr JENKINS—I will take this intervention.

Mr Pyne—I simply wish to ask my friend the member for Scullin this: does he recall that the dental health scheme was a program of the Keating government that was designed to last four years and deal with a million visits to dentists—which it achieved—and that in fact dental care is a responsibility of the state governments, a responsibility that has been abrogated by the states, much to their shame?

Mr JENKINS—I am quite happy to go to those issues because there are elements of what the honourable member for Sturt is putting that I totally reject. I believe that we should be looking at a holistic approach to health and we should see dental health care as at least a shared responsibility.

The point I am making tonight is that we see as a result of the 30 per cent private health insurance rebate a Commonwealth subsidy to private dental care of the order of $200 million or
$300 million. The government say, ‘Through ancillary services we are happy to see that.’ But for a smaller sum per annum—for the cost of the Commonwealth dental health scheme—we could achieve outcomes which would reduce the waiting lists that exist in public dental health, and they reject it.

Back in 1998 in question time the minister made the point that the honourable member for Sturt was claiming that it was written in gold that this was a state responsibility and not a Commonwealth responsibility. Section 51 of the Constitution states, inter alia:

(xxiiiA) The provision of maternity allowances, widows’ pensions, child endowment, unemployment, pharmaceutical, sickness and benefits, medical and dental services...

I know that an argument then flows that this does not compel the Commonwealth to provide any of these services and that by listing these in the Constitution the Commonwealth does not have a direct responsibility. The point is that, in the way in which our shared responsibilities in the Federation exist, there is often the need for us to come to a conclusion that it is appropriate for the Commonwealth to involve itself in a national scheme on a whole host of matters. I would contend that, in this case, there is a responsibility and an obligation for the Commonwealth government to involve itself in the provision of public dental health if it sees fit to indirectly involve itself in the provision of private dental health. The point that I was making about the scheme that came about under the previous Labor government was that it was a successful scheme inasmuch as it reduced the waiting lists of the various different public health schemes.

Mr Hatton interjecting—
Mr Pyne interjecting—

Mr JENKINS—I thank the honourable members for Blaxland and Sturt for their interest in what is going on. Bear with me in these small surrounds. I will talk about waiting lists at public dental health centres that operate in the north-eastern suburbs of Melbourne. In Epping at the Plenty Valley Community Health Centre, which conducts a public dental health service, the waiting time for services is now 27 months. People who know Melbourne would realise that there is a subtle difference between the socioeconomic circumstances of Epping and Eltham, with Eltham being an area of much greater advantage that has pockets of disadvantage. The waiting time for the public dental health scheme in Eltham is 41 months. This was after the involvement of the Commonwealth in the Commonwealth public dental health scheme had reduced the waiting lists to zero. We had seen that, for a very low cost, a fairly effective scheme had been put in place that enabled the public dental health schemes—predominantly funded by the states with additional funds from the Commonwealth—to reduce their waiting lists. I think that that is very important.

A number of studies have been done. I wish to refer today to a paper by John Spencer from Adelaide University entitled What options do we have for organising, providing and funding better public dental care? At the risk of provoking the honourable member for Sturt, the writer of this paper refers to a J-curve. In this case he is talking about the dental health care J-curve. What he was illustrating in this paper is that when you disaggregate the way in which the public subsidy works for dental care it creates a J-curve. We see that we have an initial high tail among low-income adults, a trough among the working poor and then very high levels of subsidy among high-income adults. So there is a very skew-whiff way in which this
subsidy is placed. On equity grounds it is doubtful whether we really should see this in a simp-
plistic way and not question whether that is the outcome that we wish to achieve.

Dental care is one of the least subsidised parts of the whole health system. Therefore, any assistance given—whether directly or indirectly—has a disproportionate outcome. That is why it is important to review the way the 30 per cent rebate has impacted on different aspects of our health system. We need to acknowledge that if we are going to have a look at scarce health dollars we should look at the way the 30 per cent rebate has impacted. One of the things we should look at is the way it has extended beyond private health cover for just private hospitals and into private health cover for ancillary services. Having evaluated the extent of the subsidy, we should look at how, in public policy terms, we might better use that disag-
gregated amount of the total amount.

There are other aspects to the 30 per cent rebate that should at least be debated. One is the way it impacts on the higher private insurance premiums at a greater rate because it is an open-ended subsidy. Would it not be sensible to review that at some stage to see whether it is a sensible thing? Without provoking accusations of the politics of envy, we should look at capping family income levels for attracting the 30 per cent rebate. Should we be looking at turning the rebate into a flat rate of subsidy? That might iron out some of the inequalities in the way this rebate has impacted. It would be blind public policy not to be agreeable to re-
viewing how the rebate is spent. I think the value of the rebate is now of the order of $2.9 bil-
lion.

Mr Hatton—It is of the order of $3.1 billion.

Mr JENKINS—The rebate is about $3 billion, and expenditure on health is about $30 bil-
lion. It is important to look at how we could more accurately target that type of assistance. When we consider the dental health disaggregated portion of it, I do not think we should just hide behind the mantra of saying that dental health care is in some way the responsibility of the states. One of the perhaps unintended—I do not know—consequences of the rebate is to give a subsidy for dental care.

Another aspect of this year’s budget that is worthy of discussion—and we will get time to discuss it because this measure has a very lengthy lead-in time—is the decision of the gov-
ernment to place excise on forms of energy that were previously outside the excise system. In par-
cular, I am referring to LPG. It is the intention of the government to place equivalent ex-
cise on equivalent energy output. We have seen over the past decade or so a very successful LPG sector develop—especially due to conversions to LPG for cars in the taxi fleet and the like—as an energy source for various vehicles in Australia. It is extraordinary to extend the fuel excise to all transport fuels by the year 2008 at a time when we are stressing the envi-
ronmental impact of fuel. It is uncontested that the use of LPG, especially for public trans-
port—whether buses or taxis—is of great advantage to us as a community because of its envi-
ronmental impact. I hope that, given that we have long lead times and given that it will not impact on the budget until the year 2008, we might see a very sensible review of the impact of this policy. One of the arguments the government has put forward in support of this policy is that, by not having excise on these alternative fuels, we are indirectly subsidising them through tax expenditures. This tax expenditure—that is, not having the excise on the fuel—gives a price signal to enable LPG to develop as a very important source of energy.
What also has not been thought of is the impact that it has downstream on a number of businesses that have developed to ensure that the LPG industry is successful. One small business that operates in the electorate of Jagajaga—just outside the borders of the electorate of Scullin, but the people who run this business are constituents of mine—is a business that in part has developed a meter system for LPG tanks at service stations. After budget night, they have indicated that that part of their business will completely evaporate. Because of the lead times that are involved, they believe that the petrol companies, and other companies like Woolworths and Coles that are going into the retailing of petrol, will not be involving themselves in conversion of their sites to LPG. This means that something they have worked hard to develop over the last three or four years will just completely evaporate. I think there are a whole host of other subsidiary industries that have developed around the conversion of vehicles to LPG fuel that will hit the wall. And it is not a fact that they will have time to change their ways between now and 2008, because the lead times that they have for their businesses are very important.

I believe that, at this point in time in the development of public policy, we should not look at things in simplistic terms; we should understand that they are complex and that they interrelate. We should be able, from time to time, to step back and decide that we can review these things so that even better outcomes can be achieved. (Time expired)

Mr CIOBO (Moncrieff) (6.26 p.m.)—I am very pleased to have the opportunity to rise in support of Appropriation Bill (No. 1) 2003-2004 following the handing down of Treasurer Peter Costello’s eighth budget. Once again, we saw a very fine document indeed—a document that goes from strength to strength. The budget builds on the fundamental economic sunshine that Australians enjoy as a consequence of sound economic policy, fiscally responsible expenditure and a focus on reasonable and equitable revenue raising. It is a budget that, in short, provides an opportunity for all Australians into the future to focus on what the Liberal Party believes in—that is, engaging in entrepreneurial activity and generating wealth. At the same time, though, I would stress that of course we do not do that to the detriment of any of the disadvantaged in our society. Rather, we recognise the strong link that exists between ensuring that people can generate wealth but at the same time make a contribution towards the social safety net that needs to exist in any civilised society.

The Treasurer’s eighth budget is one that provided an underlying cash surplus of $2.2 billion while at the same time fully paying for a war in Iraq and for increased expenditure to cope with the new threat paradigm facing Australia, as well as delivering personal income tax cuts. It is a far cry from the budgets that we saw, year after year, from the Labor Party when the Labor Party was in government. I am very pleased to have the opportunity today to speak on the legislation concerning the delivery of the personal income tax cuts and at the same time to have the opportunity to speak on Appropriation Bill (No. 1) 2003-2004.

I would like to put the budget in context. We know that the Australian economy is the miracle economy. The Australian economy, because of the micro-economic and macro-economic reforms that the Howard Liberal government have achieved, has reached a situation where Australians are able to benefit from the fact that we make the tough decisions. As opposed to the Labor Party—which initially supported, for example, the need for Australia to change to a broad based consumption tax but then, when it came to the crunch, spoke about rollback and about opposing the introduction of the goods and services tax—the Howard gov-
ernment and particularly the Treasurer, Peter Costello, stood by the need to introduce these kinds of reforms because they were in the best interests of the Australian people. So while the Labor Party gloat that they in fact are the ones who have delivered the economic sunshine that Australia enjoys today, nothing could be further from the truth. Nothing could be more hollow rhetoric than what we are hearing and what the Labor Party contend is economic sunshine as a result of their policies.

Mr Pyne—They’re delusional!

Mr CIOBO—The simple fact is that they are delusional, as the member for Sturt points out. The fundamental fact remains that the Australian people enjoy strong economic growth, fertile ground for business development and strong incentives to generate wealth because of the sound policies of the Treasurer, Peter Costello, and the Prime Minister, John Howard. Growth in 2003-04 is predicted to be a very solid 3¼ per cent. This flies in the face of growth patterns around the world at a time when many in the world, in particular the United States, are experiencing sharp declines in their GDP growth. We also expect that inflation will remain at a moderate 2¼ per cent throughout the year and that the unemployment rate should sit steady at six per cent. I highlight again, in speaking to the appropriations bill, that an unemployment rate of six per cent is the lowest rate for 10 years and is a far cry from the so-called success of the Keating era, when unemployment reached 11 per cent and all Australians suffered under ‘the recession that we had to have’.

With regard to personal income tax reductions, I highlight that there will be some nine million beneficiaries. Nine million Australian taxpayers will enjoy income tax cuts worth $10.7 billion over the next four years. Again I highlight to the Australian people, including my constituents in the seat of Moncrieff and all Gold Coast residents, that the income tax cuts are targeted towards ensuring that those who are socioeconomically disadvantaged are the ones who enjoy the biggest cuts. Those on average incomes will enjoy mid-tier cuts and those who are on high incomes will enjoy the smallest cuts. The Labor Party will run around and focus on headline figures only. They will say it is $4 for low-income earners and $11 for high-income earners, but the truth could not be any further away from the Labor Party’s promulgations.

Mr Pyne—The percentages!

Mr CIOBO—If you look at the percentage figures, as the member for Sturt rightly points out, you will note that we deliver an approximate 10 per cent cut on income tax liabilities to the battlers, to the disadvantaged and to those who do not have a high income, and we deliver about a four per cent reduction in income tax to average income earners. High-income earners will enjoy about a 2½ per cent income tax cut. In summary, the income tax cuts that we will pass through this House and that we hope will be supported in the appropriations bill are income tax cuts that pay a dividend back to the Australian people. It is a dividend that is built from the hard work that Australian industry have done and the contribution that all Australians have made. It is a dividend that flows to the Australian people because they have been willing to accept that we have had to make some hard choices. As I highlighted earlier, an example is the goods and services tax. The Australian people stood by the need for reform and, as a consequence, we can now pass on the surplus so that all Australians can enjoy it.

I highlight once again that the fiscal responsibility shown by those in the coalition is a far cry from the financial recklessness of the Australian Labor Party—a recklessness that sees
them blocking expenditure constraint measures that we tried to pass through the Senate in last year’s budget. Now, some 12 months later, we are still battling the Labor Party, the Greens and the Democrats to get fundamental platforms of our last budget through the Senate.

There are some other highlights from this year’s budget that I would like to focus upon. There is increased spending on defence—some $2.1 billion over the next five years. There is a further $1.1 billion in increased expenditure from the period 2002-03 to augment logistics and support funding for a range of ships, aircraft and land based specialist military equipment and ordnance purchases. In addition, there is $645 million over three years to assist with Australia’s contribution to disarming Iraq and with our involvement in post-conflict rehabilitation and reconstruction activities.

This is an important point: our battle and our fight was not with the Iraqi people, as we said. It was with the Iraqi regime. The question that needed to be asked and which we have answered resoundingly is that our need for action in Iraq was predicated upon the fact that there was a very clear threat posed not only to Australia but to all Western democracies. It was a threat that flowed from the fact that the state was a sponsor of terrorist organisations; it was a rogue state that would pay money to terrorist cells and to terrorist families. I unashamedly support our involvement in Iraq. There might be some good that also flows as a corollary to our involvement in Iraq: Australian companies can be engaged to work in Iraq, to develop technology, to help build facilities and to help bring freedom to the Iraqi people, who would still be oppressed today if it were not for the fact that the coalition government had the fortitude, the strength and the foresight to focus on bringing liberation to the Iraqi people.

The question is: how does this affect Australia? And what does this increased defence expenditure mean for the people in my electorate on the Gold Coast? People in this House know I represent the good people of the Gold Coast. A key industry on the Gold Coast, accounting for some 35 per cent of our local GDP, is the tourism industry. A key component of the tourism industry is that all people should feel safe when they journey to a country such as Australia. A very important part of that is the need for us to increase expenditure on ensuring that we maintain border security and security for all Australians. To that end, I was very pleased to see an additional $411 million in the budget to further upgrade Australia’s existing domestic security arrangements. That included $148 million to upgrade critical security infrastructure at Australian airports, ports and nuclear research facilities, $152 million to enhance the capacity of Australia’s security intelligence agencies to respond to security threats, and $111 million to upgrade protective security services.

All of this money flows directly into creating an environment in which people travelling to Australia know the climate is safe. At a time when so many people feel threatened and concerned by the activities of terrorist organisations, they know they can travel to Australia and enjoy the peace that we have to offer them. This expenditure directly helps the businessmen and women engaged in the tourism industry on the Gold Coast. As well, it provides reassurance that the coalition government is protecting and looking after not only Australians but Australian interests.

With regard to education, there were some very exciting announcements that flowed from Peter Costello’s latest budget. In particular I focus on one that is of direct and very significant benefit to the Gold Coast: the allocation of approximately 1,400 new university places that will be provided on the basis of meeting population growth. The Gold Coast has been the...
fastest growing region in this country for the last 30 years. It is predicted and anticipated that the Gold Coast will continue to be the fastest growing region for the next 25 years. This kind of population growth—a net growth of approximately 15,000 people per annum—is creating unique pressures and challenges that are being presented to civic leaders on the Gold Coast.

I am delighted and pleased that the 1,400 additional places for tertiary students that have been allocated in this latest budget will directly assist students at Griffith University to gain an education locally. No longer will Gold Coast tertiary students need to choose to travel to Brisbane to undertake their course of study. Thanks to the Howard government, they will now have the opportunity—not before afforded to them—to engage in tertiary study at the Gold Coast campus of Griffith University. It is a campus that is forging ahead, developing an international reputation of excellence, which will be built upon as a result of this new expenditure contained in the Treasurer’s eighth budget. I highlight and quote from an article in the Gold Coast Bulletin. It says:

Griffith University’s Gold Coast campus can expect significant extra student places as part of major shake-up of Australia’s higher education sector. The move means universities will have more flexibility in setting course fees.

What this highlights is that local media on the Gold Coast recognise the terrific boom that will apply to education on the Gold Coast. They recognise the fact that, because of the sound economic policies and the sound education policies of this coalition government, they have a very real opportunity to continue to build on the very strong growth that exists.

I would also like to highlight the fact that there is $17.1 million handed down in this budget to assist with additional nursing places from 2004 onwards—rising to 574 new places by the year 2007. Again, this is very good news for the Gold Coast. Griffith University’s Gold Coast campus is regarded as one of the best campuses for undertaking nursing studies, so once again this additional money is of direct benefit—to those that would choose to undertake their studies and become nurses on the Gold Coast—and it is good news for Griffith University.

Another important announcement in the budget was the fact that 234 additional publicly funded medical school places will be created from 2004. To focus again on Griffith University, I have been a very strong advocate of the need for Griffith University’s Gold Coast campus to have a medical school. There is one in Brisbane, and I know that there are elements of the Brisbane medical fraternity that are doing what they can to undermine Griffith University’s push to have a medical school on the Gold Coast campus. But, as a consequence of these 234 publicly funded medical school places, I once again reinforce the very real need for there to be a medical school at Griffith University and for Gold Coast people to be able to enjoy having a local medical school that will provide additional doctors for the local area. It is an area with such significant growth that we need to have a constant stream of new doctors to ensure that the resident population is well and truly catered for. This is especially the case given that there is also a slight bias in terms of the percentage of people aged over 65 that choose to come and live on Queensland’s Gold Coast.

I would also highlight to all of my residents in Moncrieff that as a result of this budget there is an increase in funding by the Commonwealth government to Queensland state schools. Contrary to the very dishonest campaign that was run by the Queensland Teachers Union, the amount of funding that will flow to the Queensland government school sector will total $490.5 million. This represents an increase of 5.4 per cent over the past year. If you take
it back to when the Howard government was elected in 1996, it represents a 69.2 per cent increase. Compare that with the increase that was announced today by the Beattie Labor government in Queensland. That was an increase of 2.1 per cent in funding to Queensland schools. How absolutely rank that the Labor Party in Queensland would invest in the state government school sector at a level below inflation. That highlights the absolute hypocrisy of the Labor government and the absolute hypocrisy of the Labor Party when they claim that they are interested in Queensland becoming a smart state. Despite a $600 million revenue windfall to the Queensland Labor government, Terry Mackenroth delivered another deficit budget and Terry Mackenroth delivered a below inflation rate increase to Queensland government schools. As a consequence, the losers are the children of Queensland.

Another way in which the Commonwealth government has been able to deliver for the local Gold Coast community has been through our strong support of international centres of excellence. In particular I would highlight the $35.5 million that will flow to support the existing activities of the Cooperative Research Centre for Sustainable Tourism. This is a very important CRC, located at Griffith University’s Gold Coast campus. It is a CRC that is ensuring that there are many spin-off benefits that flow not only to the Gold Coast but to the nation as a consequence of research and development activities involving the tourism industry.

With regard to transport, I am very pleased to tell the people of the Gold Coast that $120 million was allocated in the federal budget for the construction of the Tugun bypass, a road that is wholly and solely the responsibility of the Queensland state government. Again, because the Queensland state government is so ineffective and so poor at managing its economy, the Commonwealth government has been able, because of the hard work and lobbying by, for example, the honourable member for Richmond and the member for McPherson, Margaret May, to allocate $120 million for the construction of the Tugun bypass. Again, the people of the Gold Coast will benefit as a consequence of an investment from the Commonwealth government of $149.2 million in Queensland local roads. An important aspect of this is, of course, the $62.5 million allocated under the Roads to Recovery program.

In terms of other areas, I would like to highlight in particular an important project that will be running in the suburb in which my electorate office is located, Southport. We have allocated $4.3 million towards the collection of data on illicit drug use, local drug markets, criminal activity and addict treatment. Southport has been chosen as one of six centres in the country which will be used to investigate and obtain data on new crime and drugs. The project will be run by the Australian Institute of Criminology. In particular, it will be focusing on incarcerated persons and the way in which drug related crime has been the cause of their incarceration.

It is very important that all Gold Coasters recognise that the Howard government and I are very committed to being tough on drugs, and recognise that through being tough on drugs we can, albeit not completely, win the war on drugs or certainly make a very large dent in them.

I would like to also highlight the federal government support in this budget for the tourism industry. The tourism industry has suffered a number of major blows, such as September 11, October 12 in Bali and the SARS crisis. The Howard-Costello government is in a situation where we have provided an additional $13.2 million marketing campaign to assist the tourism industry to recover from the SARS epidemic. In short, the 10-year plan for the tourism indus-
try commits this government to a whole-of-government response to assist the tourism industry to recover from these blows.

The eighth budget of the Howard government was a financially successful, fiscally responsible and sound economic budget, and I urge support for it.

Mr RIPOLL (Oxley) (6.46 p.m.)—I rise to speak on the Appropriation Bill (No. 1) 2003-2004. It is always a pleasure to be speaking on appropriation bills because it gives every member in this House on both sides a little bit of licence to talk about all sorts of things, and that is actually a good thing. We talk about the things we do because of their relationship to our electorates, to the budget and to the appropriations that we discuss. It is pretty rare that I would find, in normal circumstances, that anything anyone would say in appropriations is not relevant. But I found it hard to see relevance in the contribution I just heard from the member for Moncrieff.

What is most important about this budget is what it stands for. This budget was a special budget because this budget was supposed to be the last budget ever delivered by the Treasurer. That is what this budget was about: it was to be the last ever budget.

Mr Pyne interjecting—

Mr RIPOLL—I see the member for Sturt interjecting, as he often does in this House. The member for Sturt happens to be a supporter, let us say, of the Treasurer in what aspirations he might have in the future. He would know better than any other member just how much this budget was to be the last budget that the Treasurer would ever deliver. They had some understanding—or at least some inkling; I do not know how they work these things out in the Liberal Party—that this was to be the last budget for the Treasurer and that he would have got the baton changeover and would have become Prime Minister.

All hopes have been dashed. That is not going to happen because John Howard, as we all know, has announced that he is going to stay on. He is going to stay on indefinitely, so we do not really know—

The DEPUTY SPEAKER (Mr Barresi)—Relevance will be determined by the chair, Member for Oxley.

Mr RIPOLL—Thank you very much. I cannot understand how the Treasurer, who is the person who delivers this budget and is therefore related to the appropriations, went about formulating this budget. In what I am going to say, I am trying to determine how he went about formulating that budget.

This budget was all about being his last. It was going to be a shiny budget; it was going to be supposedly a generous budget. It was going to be a budget where the meanness or tricky nastiness of the Treasurer would be somewhat softened. The idea of this budget was to soften his image.

It did none of those things. It certainly did not soften his image, and it really does not matter anymore because it might have been his eighth budget but it is certainly not his last. Instead of softening his image, in the end it might have made it a little bit harder and it certainly did not achieve any of the goals that he set out to achieve.

Because what he set out to do was to trick people into thinking that this budget was all about giving something back—that it was about handing over a tax cut. But of course people
are very quickly waking up to the fact that this budget does not give any tax cuts at all—in fact, it increases tax. This budget is about increasing taxes.

Mr Pyne—Mr Deputy Speaker—

The DEPUTY SPEAKER—Is the honourable member seeking to ask a question?

Mr Pyne—I am.

The DEPUTY SPEAKER—Will the member for Oxley allow a question?

Mr RIPOLL—No, I will not. Normally I would—from other people—but since I know the member for Sturt is a time waster I will not bother. This budget was supposed to be a soft image budget, a budget that would deliver something for ordinary people, but it does not do that.

Mr Pyne—You haven’t got the ticker.

Mr RIPOLL—I am glad the member for Sturt has raised the issue of ticker, because I can tell him that his Treasurer has not got any ticker. If he had any ticker, he would actually do something about what has happened. This is a very hard budget. It is a hard budget for low-income earners and for families because it does not deal at all with struggling families who have to deal with the GST. It does nothing at all for superannuants—in fact it is a very hard budget for them. It is a budget that is very hard on those people in the education sector. It is a budget that is very hard on students and on their families, because they are the ones who have to pay for what the Treasurer thought might be his last budget. It is also very hard on every Australian who expects a decent, fair, equitable, accessible health system—a fair Medicare, a fair bulk-billing system, something that will actually deliver something for ordinary people. It does not do that.

We heard the member who spoke previously rattle on about the tourism industry and what this government is doing about it. It is doing absolutely nothing at all. It is letting the tourism industry fail. But all it can do, when it comes to the problems that this government faces, is quickly revert to the old mantra: ‘It ain’t our fault; it must be somebody else’s fault.’ So when it comes to tourism, what do they say? They say, ‘It’s SARS, it’s the world economy, it’s terrorism.’ But before SARS, what was it? Before terrorism, what was it?

Mr Brendan O’Connor—They’ve got no answer.

Mr RIPOLL—That is right. That is a very good interjection in relation to what happened to Ansett. What did happen to Ansett? We saw Ansett going broke and going out of business, taking away competition in this country, and what did the government do about it? What did John Anderson do about it? They did nothing—not one thing. It is just too easy to trot out blame. Just blame somebody else. We all know in this place what this government is up to. It is always blaming the states. Everything is the states’ fault and nothing can possibly ever be the government’s fault.

So what this budget has done—apart from very little—is shift blame. It has shifted blame for the GST. It now says, ‘Whatever this government cannot deliver is the responsibility of the states, because now they are getting the GST.’ I have a view on the GST getting delivered to the states: my view is that that is fine. But what the government has done in reality is abrogate its responsibilities in terms of any funding to the states—or health or education or anything else—because what it knows it will have to do in the future is increase the GST in order for...
expenditure on services to be met. But the pressure will be on the states and not on the federal government. That is what this government wants to do—shift the blame.

It is a very soft budget in terms of delivering services. It is a very soft budget in terms of delivering any real tax concessions. In fact, as I have said—and as I will explain in a moment—it is a budget that, rather than delivering tax cuts, actually increases tax, but of course it is all about smoke and mirrors and hiding what you actually do. There is an interesting thing that has happened over the last few days about the leadership—and it really came about from this budget. Many years ago, as people will remember, Medibank, created by a Labor government, was an extremely good idea and an extremely good program. What happened when Fraser was coming up to an election? He said he would never change it.

Mr Pyne—Mr Deputy Speaker—

The DEPUTY SPEAKER—Is the honourable member seeking to ask a question?

Mr Pyne—I am.

The DEPUTY SPEAKER—Will the member for Oxley allow a question?

Mr RIPOLL—Not on your nelly. The member for Sturt is a renowned time waster; I will move on. In terms of Medibank, what we had before the election was Fraser saying he would never change it; what he did after he got in was kill it off. First, he said he would never change it and then he killed it off.

What did John Howard say about Medicare? Funnily enough, before he came in he said, ‘I’m not going to touch Medicare and I’m not going to change it.’ But what did he do to Medicare the moment he got in? He aimed to kill it off. Not only is he going to change it; he wants to kill it. How do you start killing Medicare in this country? If you have been in government for seven years, you never upgrade the system; you never look after it, you never maintain it. You slowly kill it off. You let it wither on the vine and then, when it gets really bad, you say, ‘Look, we need to do something else. What’re we going to do? Medicare is failing; it’s no longer working.’ Of course it is no longer working. It is no longer working because the federal coalition government does not support it. The government does not support Medicare or universality. The government does not support any of that.

The member for Sturt is frustrated. He is sitting over there, across from me. He is frustrated because I will not take one of his time-wasting questions and because he knows that what I am saying is the truth. The member for Sturt and this government do not support a decent, fair health system in this country. This is why they want to kill it off. They want to kill off Medicare. They want to kill off bulk-billing. And they want to do these things because they believe in something different. Their ideological belief is that there should be two types of people in this world: those who can afford the luxurious type of medical and health care that only money will buy, and everybody else. Everybody else should just get by. Everybody else should get the safety net stuff—the minimum, line-up-for-three-hours type stuff. This is what this government is about. It is simply wrong and people do not support it. Even their own constituency does not support it.

Mr Brendan O’Connor—That’s right!

Mr RIPOLL—That is exactly right. There have been surveys on this and there is good evidence that when it comes to education issues people do not trust this government. They trust Labor. When it comes to issues of health care—saving Medicare, saving bulk-billing and
actually turning it around and investing in our health care system—people do not trust this government. Who knows what is going to happen at the next election? I know this at least: Labor will go out there with a decent plan to save Medicare. People believe us on that because it is true. We want to save Medicare because we care about the health system in this country. It should not be a US type two-tiered system where the first questions they ask you when you are bleeding to death are, ‘What’s your social security number? Where’s your credit card? How are you going to afford the treatment we give you?’ That is not the sort of system we want in this country.

We know that in other countries people suffer greatly because they do not have the right that we have in this country to a universal health care system which treats all Australians equally. In this country it does not matter whether you are Kerry Packer, somebody who is unemployed and struggling or a young person who has not yet got a job; you are still entitled—you have a right—to go to a hospital or to go to a GP and get bulk-billed. You can get that sort of care. It is a great country we live in. It is a great culture we have. It is a great tradition we have. But this government want to tear that down. They want to tear down the things that Labor have built. We are the builders; they are the wreckers. They have always been that way and they will stay that way.

Let us compare some things. When we evaluate these things, our evaluations are based on trust. How do we trust what is in the budget appropriations and so forth? We compare them. I just made one comparison in terms of Medibank and what Fraser did; and I made another comparison in terms of Medicare and what the Prime Minister is doing. Let us look at leadership. I will make another comparison—that of trust. It is a great issue. Let us have a look at the promises that were made.

Mr Pyne interjecting—

Mr RIPOLL—The member for Sturt has a fair bit of investment in the issue that I want to talk about: the succession plan for Peter Costello. There is an irony here. It is no coincidence that the then Prime Minister, when challenging for the leadership, said that a person with his track record of loyalty to the Liberal Party did not have to answer questions on leadership. What did Peter Costello say? He said the exact same thing this time. I think that tells you something about this crew. They have some problems internally and they will have to deal with them very shortly. The government’s track record on Medicare and health issues and the leadership issues now festering within the Liberal Party will make great reading.

But there is one thing that separates us from them in this debate and separates them from those who have got the guts to do something about the health care system, those who have got the guts to do something about leadership and those who have got the guts to stand up for what they believe in. This government never stands up. Mr Deputy Speaker, I will tell you what amazes me about those in government on the other side: when there are really serious issues on the table, serious issues that so-called members with conscience, morals and ethics supposedly believe in or care about, you hear the little murmur in the background and you know they are not happy. They say that they will not put up with their party making unilateral decisions on an issue and that they are going to stand up for their electorates, for their constituents and for what they believe in. But what happens when it comes to crunch time? Not a word. Not a single peep comes out of the government backbenchers. When it comes to mandatory sentencing, when it comes to a whole range of issues, the government backbench just
does not say a word. They have been browbeaten, they have been beaten into submission and
ey just do not have any guts to stand up for the people they represent.

I said earlier that this budget was mean, tricky and nasty and did not deliver tax cuts at all
but in fact increased taxes. Everybody knows and understands what bracket creep and infla-
tion are all about, so I thought I would have a look at what this government has done in re-
turning some of the bracket creep and inflation to the people it says it represents. I found an
excellent article in the *Canberra Times* called ‘Slugging Australia’s battlers’. It is about the
supposed tax cuts and talks about dealing with bracket creep and inflation. It says:

Doing the exercise over the period since the existing rates were introduced on July 1, 2000, to when the
new ones come into force on January 1, 2004, reveals that for the past three Budgets, Treasurer Peter
Costello—

the would-be Prime Minister—

has INCREASED income tax by a total of about 9 per cent for the vast bulk of people ...

How could that be? In terms of budget honesty and accountability, how could it be that the
Treasurer of this country has stood up in this place and given us a budget which says it is
about tax cuts—smoke and mirrors—but in reality delivers a tax increase? Let me explain to
you how ‘mean and tricky’ works when you spreadsheet it and do the figures. Let us have a
look at a couple of them. If you were on a marginal tax rate of 18.5 per cent, with present
steps in the budget there would be no tax on CPI for $6,000. But, if you indexed it for average
weekly earnings, it would be $6,780. With indexed steps for this budget it would be $7,140,
and with the budget steps it would be $6,000. Then you move on to how much the increases
are. Once you calculate all of that, these are the figures you get. If you are on an income of
$7,140—so basically if you are on the no tax index—you get a tax increase of $211, but in
real terms there is no increase in tax. If you are on an average income of $23,800, after you
take into consideration the $4 a week that this government supposedly gives you, you will
actually end up paying 16.1 per cent more tax. That is how much more tax you will pay. If
you are in the $59,500 bracket, you will actually pay 8.9 per cent more tax.

It is not the Labor Party saying these things; it is people who are out there doing the sums
and doing the figures. The budget does not take into consideration the measly $4; it does not
take into consideration inflation; it does not take into consideration bracket creep. People out
there realised very quickly, as did Minister Vanstone, that $4 is not worth a chop—$4 is not
worth a chop because the government said so. Minister Vanstone said that you could not buy a
milkshake and a sandwich for $5, and that is the reality. Do you know why you cannot buy a
milkshake and a sandwich in this country for $4 or even $5? It is because of this government.
It hits you twice: it hits you on the way in and it hits you on the way out.

Talking about this government hitting you twice, I think one of the very serious issues in
this budget is superannuation. You are taxed 15 per cent when you put it in, you are taxed 15
per cent when it is in there earning money for your retirement and then you are taxed again on
the way out at a variable rate, depending on how much you take out as a lump sum. It is just
not satisfactory. People are saying to us that we have to do something about it. What does this
government do about it? What does the Treasurer do about it? What does John Howard do
about it? He says, ‘We’ll give the top few per cent of income earners in this country a tax cut.’
He does not give it to anyone else—just the top few per cent of income earners in this country.

That is what this government is about. It gives nothing to those who need it and deserve it, and it gives everything to those who do not. Talking about those who do not need it, I have to at least raise in the couple of minutes that I have left the golden handshakes that the top executives get. They already get paid fortunes while they are in the job, but if they fail this government gives them a handout. If you fail and you get a million dollar golden handshake on the way out, this government subsidises it by 30 per cent—the taxpayer actually funds the golden handshakes. We should do something about that, and Labor will do something about that because Labor believes in equity and fairness. Labor believes that we should do something about passing that money on to people who deserve it. Bulk-billing and Medicare is where the money should go, as well as to education. Let us get our kids into school. Let us invest in the future. Let us do something about the people who need something for the future, rather than take something away from them.

The thing that disappointed me probably the most in this budget—apart from the dozens and dozens of other things—was that there was nothing in it really for Ipswich. Ipswich city is my base. Ipswich city is a great place that deserves a go, that deserves something pretty special. But, even more important than that, Ipswich Road in my electorate does not just service my constituents; it also services the constituents of Blair, Groom and all of south-east Queensland. It is a federally funded road, and this government has got nothing in the budget for it. There is no commitment. I have been saying this for a long time: the way you determine the commitment of a government to doing something is not by how much money it says it will give to that particular project to start with. Simply saying, ‘We’re committed to it and we promise we’ll do something about it,’ is at the very least a start, but this government has not even done that. It has done nothing at all.

This budget is about being mean, tricky and nasty. It pretends to give you a $4 miserly, measly tax cut when really it takes more money from you, because it does not hand back bracket creep and inflation. This is a government that ought to be condemned for what it has done, and it is a budget that will not be the last from the Treasurer because he will never be Prime Minister. *(Time expired)*

**Mrs GALLUS** (Hindmarsh—Parliamentary Secretary to the Minister for Foreign Affairs) *(7.07 p.m.)*—I rise tonight to speak on the Appropriation Bill (No. 1) 2003-2004. This year Australia will provide approximately $1.8 billion in official development assistance. Official development assistance, known as ODA, represents 0.25 per cent of gross national income—a measure which is closely aligned to GDP and is used in the aid area. Australia has maintained its 0.25 per cent ODA in the face of a growing economy. Australia is, as you and everybody else here would know, Mr Deputy Speaker, one of the fastest growing economies in the world. By maintaining the same ratio percentage of ODA to GNI, we are providing a real increase in our development budget. This real increase amounts to $79 billion, or 2.2 per cent—a 2.2 per cent increase in real terms in the aid budget. At 0.25 per cent, Australia remains above the donor average of 0.23 per cent, and of course in percentage terms we are considerably above the USA, at 0.12 per cent, and above Japan, at 0.23 per cent. However, I acknowledge that these two countries, with their giant economies, give far more aid in dollar terms.
The ODA-GNI percentage is a useful tool, but it is important to remember that, for developing countries, what matters is actual dollar commitments. Sometimes the aid dollar expenditure is overlooked in the focus that is placed on the ODA to GNI ratio. Further, this emphasis on ODA has allowed the international community to ignore harmful policies in other areas. While several EU countries boast of their aid contributions, they have to be assessed in light of their policies in other areas. EU policies on trade have caused far more harm to the economies of developing countries than the positive impact of their aid. This may seem harsh, but it has to be seen in the context of the importance of trade to developing countries and in the context of what European countries—and this includes countries in Scandinavia—have done to limit the access of developing countries’ products into the markets of the developed world.

This may become clearer when I explain that, while aid does an enormous amount of good—it is worth $90 billion annually to developing countries—trade is far more important, with an estimated worth to developing countries of $1.3 trillion. OECD countries spend over $300 billion a year subsidising their own agricultural products to the detriment of products from developing countries. They spend six times more in protecting their own farmers than they do in providing aid.

All Australians can be proud of Australia’s trade program and of our record on tariffs and subsidies. With minor exceptions, Australia does not subsidise her agricultural products. But, more than that, from July this year there will be no tariffs on products coming into Australia from the least developed countries. In trade, Australia leads the world in its assistance to developing countries. We are also at the vanguard of the best aid practices, which even our most vociferous critics admit. Yet I find there is very little knowledge of our aid programs amongst the general community. This is a real pity because, as I said earlier, it is something every Australian can be proud of.

Before I talk further on the aid program, I want to talk about some of the community misconceptions about our aid program. A common misconception that dates back to the 1980s, which unfortunately has been given credence by some recent commentators who should know better, is that when we give aid we are handing it directly to other nations’ governments, some of which are corrupt; therefore, Australian aid money and Australian taxpayers’ money finds its way into the pockets of the rich in poor countries. Can I assure the parliament—and every Australian and anyone who has ever had these concerns—that this is not what happens to their aid dollar. Australia does not write blank cheques for other governments. However, neither are we neo-colonialists who go into poorer countries to dictate to their governments what they should do. In providing aid to developing countries, the Commonwealth department responsible for delivering aid, AusAID, works in close cooperation with partner governments. Together with partner governments, we assess the needs, look at Australian expertise and see where we can best assist in a particular country’s development.

Another misconception is that aid is charity. We see this every time somebody says that charity should begin at home and we should be helping the poor in our own country—and unfortunately I do hear this more than I would like. Aid is not charity. While providing food and medicine to countries in dire need following man-made or natural catastrophes is essential in a humane world, official development aid is much more than emergency assistance. Aid is the process by which rich countries assist poor countries to grow and develop. In helping other countries, we help ourselves. The stronger our region, the stronger Australia will be.
economically and the more secure we will be. In recent years we have seen an unprecedented level of international terrorism, the ugly offspring of globalisation. While terrorists have many reasons—ethnic, religious, social and psychological—for doing what they do, it is a truism that terrorism finds fertile ground where economic growth is poor and people, especially young men, have limited opportunities. The more we assist our neighbours to build strong democratic structures and sound economies, the better it will be for all Australians.

Through our bilateral program, Australia assists countries in our region with health and education services, improved access to water and sanitation and building the skills of those who are employed in the police and justice systems. Recipient countries have different needs, although as a generalisation most developing countries need assistance with education and health services. In helping our neighbours, Australia frequently provides assistance in these sectors. These are the traditional areas we think of when we think of aid. But aid is so much more than health and education.

In recent years the aid community and developing and developed countries have put more emphasis on the responsibility of recipient partner countries. Aid works best when the partner country has good governance. By good governance, we mean governments that are transparent and honest and that are developing appropriate bureaucratic infrastructures. That is why the Millennium Challenge Account announced recently by the United States government will only provide support for countries that are assessed as having good governance. A new index, the Commitment to Development Index, has rated the standard of government so highly that it discounts the value of aid given to countries with poor governance. This is not Australia’s way. We do not turn our backs on those who need us. As a consequence, one-fifth of our aid program goes to supporting governance programs and activities.

As an example of this type of aid, AusAID has been providing support to the Indonesian Audit Board to help it create new systems of honesty and accountability. In the South Pacific we have sponsored a program to train directors of private companies, statutory authorities, public enterprises and chief executive officers. In Kiribati we have helped improve the government’s financial management and revenue collection through better budgeting systems and planning. In Tonga we are working with the Ministry of Finance to strengthen its budgeting processes and enhance its ability to issue accurate and timely financial information. The development outcomes of Kiribati and Tonga will be increased accountability, more effective government spending and better use of donor resources. In Vanuatu we have helped to restructure key ministries, recruit new director-generals, develop and implement a public service manual and improve basic office skills. Funds from this budget will help ensure that the Vanuatu public service operates ethically and is competent, impartial and responsive. Government programs in PNG include assistance for the national fraud and anticorruption squad and a recently completed $6 million project to strengthen the PNG Ombudsman Commission to become a leading public sector agency helping to achieve administrative justice for PNG citizens.

This is not to say that we are achieving all that we want to in the Pacific and PNG. The Solomon Islands continue to face law and order problems and a serious economic crisis. The recent murder of a National Peace Council member is a tragic demonstration of these problems of lawlessness. We remain concerned about progress. In PNG there are still serious problems. But we should not forget the significant progress that has been achieved since inde-
pendence. For example, life expectancy in PNG rose from 40 in 1970 to 59 in the year 2000. The illiteracy rate, which was measured at 56 per cent in 1975, was down to 36 per cent in 2000. As I said earlier, we are not a neo-colonial power and we are not going to tell our neighbours how to run their countries; nor are we going to turn our back on them because of poor practices. However, what we are doing is offering Australian expertise to assist those countries improve their own governance.

A recent OECD report on aid said that Australian programs were at the vanguard of aid management practices. And in this they are. Australian aid is highly structured and targeted and efficiently delivered. Eighty per cent of Australian aid goes to our neighbours in the Asia-Pacific region, a region which in fact houses two-thirds of the world’s poor. It is an area where many countries are recovering from conflict, as in Vietnam, Cambodia and, more recently, East Timor and the Solomon Islands. It is a region that has its own economic problems, particularly in the Pacific, where the Pacific islands suffer the tyranny of distance and isolation. Australian aid will not and cannot solve all the problems of the developing countries in our region. While we can assist in helping to establish appropriate institutions, we cannot make decisions for developing countries themselves. We cannot resolve the ethnic tensions that still abide in some countries, nor can we remove tribal rivalries. But we can help by being a reliable aid partner and we will not walk away from our commitment to countries less fortunate than ours.

The 2003-04 aid budget promotes regional security, stability and economic growth. I am sorry that the opposition has not interrupted to ask any questions about our aid budget, because I think it is an important area and one in which everybody should be interested. It reflects the future of Australia and the region. The aid budget this year reflects our ongoing commitment to tackle poverty as a serious threat to regional and global security. Our aid, the aid delivered by Australia, makes a significant difference to the lives of the people in the region.

Debate interrupted.

Main Committee adjourned at 7.21 p.m.
The following answers to questions were circulated:

**Employment**

(Question No. 1155)

Mrs Crosio asked the Prime Minister, upon notice, on 2 December 2002:

1. Further to his address to the Committee for Economic Development of Australia on 20 November 2002, how many of the 183,000 jobs claimed to have been created since November 2001 are (a) full-time, (b) part-time and (c) casual.

2. How many of the one million jobs claimed to have been created since March 1996 are (a) full-time, (b) part-time and (c) casual.

3. How many full-time jobs have been created or lost since March 1996 in the electoral division of Prospect.

Mr Howard—The answer to the honourable member’s question is as follows:

I am advised by my department that (Australian Bureau of Statistics seasonally adjusted data unless otherwise stated):

1. Between November 2001 and March 2003, total employment grew by 321,900, comprising:
   (a) 144,500 full-time jobs.
   (b) 177,400 part-time jobs.
   (c) Data relating to ‘casual’ employment data is only available on an annual basis, at August. The ABS defines ‘casual’ employees as those without paid leave entitlements. Between August 2001 and August 2002, total employment rose by 154,800. 42,700 of these were positions without paid leave entitlements (original data).

2. Between March 1996 and March 2003, total employment grew by 1,188,500, comprising:
   (a) 518,900 full-time jobs.
   (b) 669,600 part-time jobs.
   (c) Between August 1997 and August 2002, total employment rose by 954,900 and 364,800 of these were positions without paid leave entitlements (original data).

3. Labour force data for federal electorates are not compiled by the ABS. However, the ABS labour force region ‘Central Western Sydney’ overlaps with some of the electorate of Prospect. Between February 1996 and February 2003, total employment in ‘Central Western Sydney’ rose by 38,000 (original data). The labour force rose by 33,500 over the same period with unemployment in the area falling 4,500. I am further advised that data on full-time employment in ‘Central Western Sydney’ are unavailable.

**Strategic Investment Coordinator**

(Question No. 1287)

Dr Emerson asked the Prime Minister, upon notice, on 4 February 2003:

Further to the answer to question No. 565 (Hansard, 27 August 2002, page 5896), what are the names of the companies whose applications to the Strategic Investment Coordinator (a) have been declined, (b) have been withdrawn, (c) are on hold and (d) are under assessment.

Mr Howard—The answer to the honourable member’s question is as follows:

The identification of companies which have applied to the Strategic Investment Coordinator for assistance, whether the application was declined, withdrawn, has been put on hold or is under consideration, could reasonably be expected to affect those companies adversely in their commercial or financial af-
fairs by giving rise to speculation about the reasons for the application not being favourably assessed or its likely outcome. Further, the disclosure of such information would be likely to inhibit companies from applying to the Strategic Investment Coordinator for assistance in the future, to the detriment of the Australian economy.

Calwell Electorate: Child Care
(Question No. 1749)

Ms Vanvakinou asked the Minister for Children and Youth Affairs, upon notice, on 24 March 2003:

(1) What is: (a) the number of community based child care centres that are located in the electoral division of Calwell, (b) the name and address of each centre, and (c) the sum of Commonwealth funding that each centre received in: (i) 2001-02, and (ii) 2002-03.

(2) Which (a) Commonwealth funded child centres located in the electorate of Calwell have been overpaid and (b) what sum is each childcare centre being asked to repay.

Mr Anthony—The answer to the honourable member’s question is as follows:

(1) (a) There are 80 active community based child care services in the electoral division of Calwell. A breakdown of all active approved services is provided in the table below.

**Calwell electoral division, active services by service type and sector**

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<td>Total</td>
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1. Not for profit services include community based, local and state government controlled services.


(b) The name and address of each active community based child care service in the electoral division of Calwell is listed in the table below.

**Name**

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<tr>
<th>Name</th>
<th>Address</th>
<th>Service type</th>
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QUESTIONS ON NOTICE
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Source: CCB service provider strip file 7 February 2003 & Victorian Child Care Database 28 March 2003

**Service Type:**

ASC: After school hours care, BSC: Before school hours care, FDC: Family day care, LDC: Long day care, OCC: Occasional care, VAC: Vacation care

QUESTIONS ON NOTICE
(c) The sum of funding received by community based child care services in the electoral division of Calwell for (i) 2001-02 and (ii) 2002-03 is listed in the table below. The sum of funding includes funding paid as Operational Subsidy, Special Needs Subsidy, JET payments, Establishment Grants and Block Grant Assistance (transitional assistance). These amounts do not include Child Care Benefit or Childcare Assistance as these amounts are notionally paid to families rather than to services although aggregated amounts are paid to services. Each service must apply for the noted subsidies and grants, and meet specific eligibility criteria.

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Source: Impact (FaCS Financial Management System) 28 March 2003

(2) (a) Child Care Benefit (CCB) is paid in advance to services on behalf of eligible families to enable services to reduce the child care fees of those families. CCB is paid on an ongoing advance/acquit basis. No debts or overpayments are raised as part of this ongoing process. If the Member for Calwell would like more information on the CCB advance/acquit process, I would be happy to provide the information.

Eight Commonwealth funded child care centres in the electorate of Calwell have been overpaid. The amounts overpaid are Childcare Assistance debts.
(2) (b) The total amount of Childcare Assistance that these eight centres were being asked to repay as at 25 March 2003 was $206,395.87. However, as the Honourable Member would appreciate, information about child care centres’ debts to the Commonwealth is commercially sensitive. The public disclosure of such information could have adverse commercial consequences for these services.

Hasluck Electorate: Social Welfare Debt
(Question No. 1758)

Ms Jackson asked the Minister representing the Minister for Family and Community Services, upon notice, on 25 March 2003:

For the electoral division of Hasluck in each of the financial years ending 30 June 1997, 1998, 1999, 2000, 2001, and 2002, what was: (a) the total number of debts incurred, (b) the average debt incurred, and (c) the proportion of the total debt incurred for each of the following benefit categories: (i) Age Pension, (ii) Austudy, (iii) Disability Support Pension, (iv) Mature Age Allowance, (v) Newstart Allowance, (vi) Parenting Payment, (vii) Partner Allowance, (viii) Wife Pension, (ix) Youth Allowance, (x) Carer Allowance, (xi) Disability Support Pension, and (xii) Family Tax Benefit.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

The detailed information required to answer the honourable member’s question is not readily available in consolidated form. I do not consider it appropriate for the expenditure of resources and effort that would be involved in collecting and assembling information for the sole purpose of answering questions of this nature.

Health: Prostate Cancer
(Question No. 1788)

Mr Murphy asked the Minister representing the Minister for Health and Ageing, upon notice, on 27 March 2003:

(1) Is the Minister aware of a report on page 3 of the Sydney Morning Herald on 6 March 2003 by Julie Robotham entitled “Prostate group demands cancer chief’s exit”.

(2) Is he also aware that the Prostate Cancer Foundation of Australia has criticised the Chief Executive of the Cancer Council Australia, Professor Alan Coates, for his alleged opposition to a television campaign promoting community awareness of prostate specific antigen (PSA) tests.

(3) How many: (a) deaths, and (b) diagnosed cases of: (i) prostate cancer, and (ii) breast cancer are recorded in Australia each year.

(4) What percentage of: (a) men in Australia in the age group most at risk to develop prostate cancer have had appropriate prostate cancer testing, and (b) women in Australia in the age group most at risk to develop breast cancer have had mammography screening.

(5) Will the Government conduct a public awareness campaign to: (a) raise specific community knowledge about prostate cancer testing procedures, (b) overcome the barriers to changing men’s behaviour in regard to prostate cancer testing, (c) involve men’s partners in the program, and (d) ensure doctors views are up-to-date and evidence based; if so, when it will begin, if not, why not.

Mr Andrews—The Minister for Health and Ageing has provided the following answer to the honourable member’s question:

(1) Yes.

(2) Yes.

(3) The following data is for 1999 and is the most recent information available.
(a) The number of deaths due to prostate cancer was 2,512. The number of deaths due to breast cancer was also 2,512.

(b) The number of men diagnosed with prostate cancer was 10,232. The number of women diagnosed with breast cancer was 10,592.

(4) (a) There is no generally accepted population screening test for prostate cancer. The current Australian Guidelines recommend against routine prostate cancer screening due to the lack of evidence of benefit. The Prostate Specific Antigen (PSA) test is widely used in clinical practice to monitor progression and response to treatment among patients with prostate cancer and has been suggested by some groups as a screening test for prostate cancer. Elevated PSA levels are associated with prostate cancer but it is not a specific indicator of cancer cells. However, men at risk of prostate cancer (usually those aged 60-85 or with a family history) may, in consultation with their general practitioner, elect to undergo PSA testing as a possible indicator of an underlying condition requiring further investigation.

(b) In 1997-1998, the most recent period for publicly available data, 54.3% of Australian women most at risk of breast cancer (those aged 50-69 years) were screened through the BreastScreen Australia program. More recent data is not available as it is being finalised with State and Territory Governments.

(5) (a) In 2001, the Cancer Strategies Group (CSG), the Government’s expert advisory group on cancer, released Priorities for Action in Cancer Control 2001-2003. This document lists 13 priority areas for implementation, one of which recommends ‘promoting informed choice by men about Prostate Specific Antigen (PSA) testing and early detection of prostate cancer through education of general practitioners and the community’.

A project to improve GP and patient knowledge of detection and treatment options, before prescribing or undergoing a PSA test is currently being funded by the Government. The results of this project will inform any community awareness raising about the PSA test.

The project results will also inform a workshop that is to be held in August 2003 in conjunction with the Australian Prostate Cancer Collaboration to address key issues concerning the decision making process with regard to PSA testing. The purpose of the workshop will be to improve understanding of how to best deliver informed choice to men considering a test for prostate cancer in general practice.

(b) See (a).

(c) See (a).

(d) See (a).