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SITTING DAYS—2007

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- ADELAIDE 972 AM
- PERTH 585 AM
- HOBART 747 AM
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- DARWIN 102.5 FM
FORTY-FIRST PARLIAMENT
FIRST SESSION—NINTH PERIOD

Governor-General
His Excellency Major-General Michael Jeffery, Companion in the Order of Australia, Commander of the Royal Victorian Order, Military Cross

House of Representatives Officeholders
Speaker—The Hon. David Peter Maxwell Hawker MP
Deputy Speaker—The Hon. Ian Raymond Causley MP
Second Deputy Speaker—Mr Henry Alfred Jenkins MP

Members of the Speaker’s Panel—The Hon. Dick Godfrey Harry Adams, Mr Phillip Anthony Barresi, the Hon. Bronwyn Kathleen Bishop, Ms Ann Kathleen Corcoran, Mr Barry Wayne Haase, Mr Michael John Hatton, the Hon. Duncan James Colquhoun Kerr SC, Mr Harry Vernon Quick, the Hon. Bruce Craig Scott, Mr Patrick Damien Secker, the Hon. Alexander Michael Somlyay, Mr Kim William Wilkie

Leader of the House—The Hon. Anthony John Abbott MP
Deputy Leader of the House—The Hon. Peter John McGauran MP
Manager of Opposition Business—Mr Anthony Norman Albanese MP
Deputy Manager of Opposition Business—Mr Robert Francis McMullan MP

Party Leaders and Whips
Liberal Party of Australia
Leader—The Hon. John Winston Howard MP
Deputy Leader—The Hon. Peter Howard Costello MP
Chief Government Whip—Mr Kerry Joseph Bartlett MP
Government Whips—Mrs Joanna Gash MP and Mr Fergus Stewart McArthur MP

The Nationals
Leader—The Hon. Mark Anthony James Vaile MP
Deputy Leader—The Hon. Warren Errol Truss MP
Chief Whip—Mrs Kay Elizabeth Hull MP
Whip—Mr Paul Christopher Neville MP

Australian Labor Party
Leader—Mr Kevin Michael Rudd MP
Deputy Leader—Ms Julia Eileen Gillard MP
Chief Opposition Whip—The Hon. Leo Roger Spurway Price MP
Opposition Whips—Mr Michael David Danby MP and Ms Jill Griffiths Hall MP

Printed by authority of the House of Representatives
## Members of the House of Representatives

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PARTY ABBREVIATIONS
ALP—Australian Labor Party; LP—Liberal Party of Australia; Nats—The Nationals; Ind—Independent; CLP—Country Liberal Party; AG—Australian Greens

Heads of Parliamentary Departments
Clerk of the Senate—H Evans
Clerk of the House of Representatives—I C Harris
Secretary, Department of Parliamentary Services—H R Penfold QC
HOWARD MINISTRY

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Minister for Transport and Regional Services and Deputy Prime Minister
The Hon. John Winston Howard MP
The Hon. Mark Anthony James Vaile MP

Treasurer
Minister for Trade
Minister for Defence
Minister for Foreign Affairs
Minister for Health and Ageing and Leader of the House
The Hon. Peter Howard Costello MP
The Hon. Warren Errol Truss MP
The Hon. Dr Brendan John Nellson MP
The Hon. Alexander John Gosse Downer MP
The Hon. Anthony John Abbott MP

Attorney-General
Minister for Finance and Administration, Leader of the Government in the Senate and Vice-President of the Executive Council
The Hon. Philip Maxwell Ruddock MP
Senator the Hon. Nicholas Hugh Minchin

Minister for Agriculture, Fisheries and Forestry and Deputy Leader of the House
The Hon. Peter John McGauran MP

Minister for Immigration and Citizenship
The Hon. Kevin James Andrews MP

Minister for Education, Science and Training and Minister Assisting the Prime Minister for Women’s Issues
The Hon. Julie Isabel Bishop MP

Minister for Families, Community Services and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs
The Hon. Malcolm Thomas Brough MP

Minister for Industry, Tourism and Resources
The Hon. Ian Elgin Macfarlane MP

Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service
The Hon. Joseph Benedict Hockey MP

Minister for Communications, Information Technology and the Arts and Deputy Leader of the Government in the Senate
Senator the Hon. Helen Lloyd Coonan

Minister for the Environment and Water Resources
The Hon. Malcolm Bligh Turnbull MP

Minister for Human Services
Senator the Hon. Christopher Martin Ellison

(The above ministers constitute the cabinet)
HOWARD MINISTRY—continued

Minister for Fisheries, Forestry and Conservation and Manager of Government Business in the Senate
Minister for Small Business and Tourism
Minister for Local Government, Territories and Roads
Minister for Revenue and Assistant Treasurer
Minister for Workforce Participation
Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence
Special Minister of State
Minister for Ageing
Minister for Vocational and Further Education
Minister for the Arts and Sport
Minister for Community Services
Minister for Justice and Customs
Assistant Minister for Immigration and Citizenship
Assistant Minister for the Environment and Water Resources
Parliamentary Secretary to the Prime Minister
Parliamentary Secretary to the Minister for Transport and Regional Services
Parliamentary Secretary to the Treasurer
Parliamentary Secretary to the Minister for Finance and Administration
Parliamentary Secretary to the Minister for Industry, Tourism and Resources
Parliamentary Secretary to the Minister for Foreign Affairs
Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry
Parliamentary Secretary to the Minister for Education, Science and Training
Parliamentary Secretary to the Minister for Defence
Parliamentary Secretary to the Minister for Health and Ageing

Senator the Hon. Eric Abetz
The Hon. Frances Esther Bailey MP
The Hon. James Eric Lloyd MP
The Hon. Peter Craig Dutton MP
The Hon. Dr Sharman Nancy Stone MP
The Hon. Bruce Frederick Billson MP
The Hon. Gary Roy Nairn MP
The Hon. Christopher Maurice Pyne MP
The Hon. Andrew John Robb MP
Senator the Hon. George Henry Brandis SC
Senator the Hon. Nigel Gregory Scullion
Senator the Hon. David Albert Lloyd Johnston
The Hon. Teresa Gambaro MP
The Hon. John Kenneth Cobb MP
The Hon. Anthony David Hawthorn Smith MP
The Hon. De-Anne Margaret Kelly MP
The Hon. Christopher John Pearce MP
Senator the Hon. Richard Mansell Colbeck
The Hon. Robert Charles Baldwin MP
The Hon. Gregory Andrew Hunt MP
The Hon. Sussan Penelope Ley MP
The Hon. Patrick Francis Farmer MP
The Hon. Peter John Lindsay MP
Senator the Hon. Brett John Mason
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Leader of the Opposition  Kevin Michael Rudd MP
Deputy Leader of the Opposition, Shadow Minis-
ter for Employment and Industrial Relations
and Shadow Minister for Social Inclusion  Julia Eileen Gillard MP
Leader of the Opposition in the Senate and
Shadow Minister for National Development, Resources and Energy  Senator Christopher Vaughan Evans
Deputy Leader of the Opposition in the Senate
and Shadow Minister for Communications and
Information Technology  Senator Stephen Michael Conroy
Shadow Minister for Infrastructure and Water and
Manager of Opposition Business in the House  Anthony Norman Albanese MP
Shadow Minister for Homeland Security, Shadow
Minister for Justice and Customs and Shadow
Minister for Territories  The Hon. Archibald Ronald Bevis MP
Shadow Assistant Treasurer and Shadow Minister
for Revenue and Competition Policy  Christopher Eyles Bowen MP
Shadow Minister for Immigration, Integration and
Citizenship  Anthony Stephen Burke MP
Shadow Minister for Industry and Shadow Minis-
ter for Innovation, Science and Research  Senator Kim John Carr
Shadow Minister for Trade and Shadow Minister
for Regional Development  The Hon. Simon Findlay Crean MP
Shadow Minister for Service Economy, Small
Business and Independent Contractors  Craig Anthony Emerson MP
Shadow Minister for Multicultural Affairs,
Shadow Minister for Urban Development and
Shadow Minister for Consumer Affairs  Laurence Donald Thomas Ferguson MP
Shadow Minister for Transport, Roads and Tour-
ism  Martin John Ferguson MP
Shadow Minister for Defence  Joel Andrew Fitzgibbon MP
Shadow Minister for Climate Change, Environ-
ment and Heritage and Shadow Minister for the
Arts  Peter Robert Garrett MP
Shadow Minister for Veterans’ Affairs, Shadow
Minister for Defence Science and Personnel and
Shadow Special Minister of State  Alan Peter Griffin MP
Shadow Attorney-General and Manager of Oppo-
sition Business in the Senate  Senator Joseph William Ludwig
Shadow Minister for Sport and Recreation,
Shadow Minister for Health Promotion and
Shadow Minister for Local Government  Senator Kate Alexandra Lundy
Shadow Minister for Families and Community
Services and Shadow Minister for Indigenous
Affairs and Reconciliation  Jennifer Louise Macklin MP
Shadow Minister for Foreign Affairs  Robert Bruce McClelland MP
Shadow Minister for Ageing, Disabilities and Car-
ers  Senator Jan Elizabeth McLucas
Shadow Minister for Federal/State Relations, Shadow Minister for International Development Assistance and Deputy Manager of Opposition Business in the House
Robert Francis McMullan MP

Shadow Minister for Primary Industries, Fisheries and Forestry
Senator Kerry Williams Kelso O’Brien

Shadow Minister for Human Services, Shadow Minister for Housing, Shadow Minister for Youth and Shadow Minister for Women
Tanya Joan Plibersek MP

Shadow Minister for Health
Nicola Louise Roxon MP

Shadow Minister for Superannuation and Intergenerational Finance and Shadow Minister for Banking and Financial Services
Senator the Hon. Nicholas John Sherry

Shadow Minister for Education and Training
Stephen Francis Smith MP

Shadow Treasurer
Wayne Maxwell Swan MP

Shadow Minister for Finance
Lindsay James Tanner MP

Shadow Minister for Public Administration and Accountability, Shadow Minister for Corporate Governance and Responsibility and Shadow Minister for Workforce Participation
Senator Penelope Ying Yen Wong

Shadow Parliamentary Secretary for Foreign Affairs
Anthony Michael Byrne MP

Shadow Parliamentary Secretary for Defence and Veterans’ Affairs
The Hon. Graham John Edwards MP

Shadow Parliamentary Secretary for Environment and Heritage
Jennie George MP

Shadow Parliamentary Secretary for Treasury
Catherine Fiona King MP

Shadow Parliamentary Secretary for Education
Kirsten Fiona Livermore MP

Shadow Parliamentary Secretary to the Leader of the Opposition
John Paul Murphy MP

Shadow Parliamentary Secretary for Industrial Relations
Brendan Patrick John O’Connor MP

Shadow Parliamentary Secretary for Industry and Innovation
Bernard Fernando Ripoll MP

Shadow Parliamentary Secretary for Northern Australia and Indigenous Affairs
The Hon. Warren Edward Snowdon MP

Shadow Parliamentary Secretary to the Leader of the Opposition (Social and Community Affairs)
Senator Ursula Mary Stephens
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Thursday, 31 May 2007

The SPEAKER (Hon. David Hawker) took the chair at 9.00 am and read prayers.

**TARIFF PROPOSALS**

Customs Tariff Proposal (No. 2) 2007

Mr RUDDOCK (Berowra—Attorney-General) (9.01 am)—I move:

Customs Tariff Proposal (No. 2) 2007.

The customs tariff proposal that I have just tabled contains alterations to the Customs Tariff Act 1995, effective from 1 June 2007.

The alterations contained in this proposal will remove the four per cent customs duty that currently applies to ‘low relaxation prestressed concrete steel wire, ribbed or indented’, imported under the Thailand-Australia Free Trade Agreement.

Under the agreement, this customs duty was due to be phased to a rate of free on 1 January 2010.

The early elimination of this duty will reduce input costs for Australian industry using this steel wire—for example, for use in railway sleepers.

I commend the proposal to the House.

Debate (on motion by Mr Edwards) adjourned.

**FAMILIES, COMMUNITY SERVICES AND INDIGENOUS AFFAIRS**

LEGISLATION AMENDMENT (CHILD CARE AND OTHER 2007 BUDGET MEASURES) BILL 2007

First Reading

Bill and explanatory memorandum presented by Mr Brough.

Bill read a first time.

Second Reading

Mr BROUGHH (Longman—Minister for Families, Community Services and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs) (9.03 am)—I move:

That this bill be now read a second time.

The primary purpose of this bill is to give effect to the government’s two key childcare measures from the 2007 budget. These measures are a substantial part of the extra $2.1 billion investment which focuses on helping Australian families with their childcare costs. The extra investment will take the total projected expenditure in child care over the next four years to $11 billion. Parents will have more choice about participating in the workforce and children will have more opportunities for quality child care.

The first measure provides for a 10 per cent increase in the rate of childcare benefit from 1 July 2007, over and above the normal CPI indexation increase that will also apply from that date. The total increase for families eligible for childcare benefit will be more than 13 per cent of their current rate. Depending on families’ incomes, this means up to an extra $20.50 per child per week towards childcare fees.

Over 730,000 families should benefit from the increase, and the Family Assistance Office will adjust families’ entitlements automatically. If a family receives childcare benefit as a fee discount, their childcare service will pass the increase on through reduced fees. A family that receives the benefit as a lump sum will get a bigger payment after lodging their 2007-08 tax return.

The second childcare measure in this bill will improve and speed up families’ access to the childcare tax rebate by converting it to a direct payment by the Family Assistance Office.

The childcare tax rebate is currently delivered through the tax system as a reduction in a family’s tax liability. It allows families to claim up to 30 per cent of their out-of-pocket childcare expenses, up to a value of $4,000
per child per year, also indexed annually. However, to ensure families received an accurate payment, they have had to wait up to two years to claim their rebate through the tax system. In addition, families with low or no tax liability may not have been able to claim their full childcare tax rebate entitlement and in some cases, due to having no tax liability, were not able to benefit at all from this measure.

From 1 July 2007, the rebate will be delivered to families directly by the Family Assistance Office. At the end of each financial year in which the families have incurred the childcare expenses and following lodgement of tax returns, all families who are eligible for the childcare tax rebate, regardless of tax liability, will receive this assistance.

If a family paid for child care in both the 2005-06 and 2006-07 financial years, they could receive two childcare tax rebate payments after 1 July 2007—one through the tax system and one from the Family Assistance Office, potentially up to $8,000 assistance from the Howard government per child. For 2005-06 childcare costs, families will still need to keep receipts for incurred costs. However, for any childcare costs incurred after 1 July 2006, the Family Assistance Office will pay the childcare tax rebate annually directly into bank accounts after tax returns have been lodged.

The new arrangements will make a big difference to families in managing their childcare expenses.

The final measure in this budget bill is to help young people with disabilities and severe medical conditions, by extending to them the benefits of the health care card. About 25,000 full-time students aged between 16 and 25, who used to be carer allowance (child) care receivers, may now be eligible for a health care card in their own right.

Carer allowance (child) provides a health care card in the name of the young care receiver. However, access to the health care card stops when the young person turns 16 and, unless they qualify for a low income health care card, or they have access to a concession card through their qualification for an income support payment such as disability support pension, they will no longer have a concession card.

This $19.3 million initiative will help students with a disability or medical condition and their families in managing their ongoing medical costs. This, in turn, will help them to continue their education, enhancing the future contributions they can make to the Australian economy in the long term.

The new health care card will be valid for 12 months and young people will need to reapply for it each year, confirming their full-time student status.

Debate (on motion by Mr Edwards) adjourned.

SCOUTING MOVEMENT

Centenary

Mr BROUGH (Longman—Minister for Families, Community Services and Indigenous Affairs and Minister Assisting the Prime Minister for Indigenous Affairs) (9.08 am)—On indulgence, Mr Speaker, this year is the centenary of the scouting movement in Australia, and I have with me one of their commemorative scarves, which was presented to me up in Bribie Island by the local group there recently. They are giving out 100 of these per state—

Mr Cameron Thompson—I have one.

Dr Southcott—I have one.

Mr BROUGH—Two of the members behind me have also been presented with commemorative scarves—congratulations! I thought it was a pretty special moment. Scouting groups—as we have been talking
about children—have been a very important part of the Australian fabric. I want to take the opportunity—on behalf of all members of the House, I am sure—to thank and congratulate all the scouting leaders for the contribution they have made over many, many years, and continue to make, to our society. I congratulate the scouting movement on its centenary.

**Dr Southcott**—Hear, hear!

**Mr Cameron Thompson**—Well done!

**CORPORATIONS AMENDMENT (INSOLVENCY) BILL 2007**

**First Reading**

Bill and explanatory memorandum presented by **Mr Pearce**.

Bill read a first time.

**Second Reading**

**Mr PEARCE** (Aston—Parliamentary Secretary to the Treasurer) (9.09 am)—I move:

That this bill be now read a second time.

The bill contains an integrated package of reforms to improve the operation of Australia’s insolvency laws.

Australia’s corporate insolvency regime is a critical part of our economic infrastructure. Insolvency law underpins the system of financial and contractual relationships that enable trade and commerce to take place.

A modern credit-based economy requires predictable, transparent and affordable means for enforcing secured and unsecured credit claims. A well-designed insolvency system helps business obtain finance more easily, and at a lower cost.

The reforms aim to improve the efficiency and the cost-effectiveness of insolvency processes, strengthen the rights of creditors, enhance their capacity to participate in the insolvency process and maximise their returns.

They aim to minimise the economic and social costs resulting from corporate failure. Such costs can include the disruption of trade and commerce, the loss of employment, loss of capital, damage to suppliers and customers, and the expenses of the insolvency process itself.

The reforms also seek to ensure that the corporate insolvency regime contributes to an efficient and informed market without imposing costly new regulatory requirements on company directors, creditors or practitioners.

This is the first time that this area of law has been comprehensively updated since 1992. Australia’s insolvency framework is still well-regarded internationally, with jurisdictions such as the United Kingdom using our laws as a model for reform. However a number of public inquiries into the corporate insolvency framework, in particular by the Corporations and Markets Advisory Committee, otherwise known as CAMAC, and by the Parliamentary Joint Committee on Corporations and Financial Services, have identified opportunities to update and fine-tune the framework.

The government has considered these recommendations and, after consulting with industry through the Insolvency Law Advisory Group and subsequently through the public release of exposure draft amendments in November 2006, has responded by introducing this bill to parliament today.

The reforms in the bill have been developed around four themes: strengthening creditor protections; deterring misconduct by company officers; enhancing the regulation of insolvency practitioners; and fine-tuning the voluntary administration procedure.

**Strengthening Creditor Protections**

The bill includes a number of measures that have the specific aim of strengthening the protection of employee entitlements. It
will make it mandatory for a deed of company arrangement to preserve the priority available to employee creditors in a winding up, unless the employees agree to waive this priority or the court makes an order.

It will clarify the treatment of the Superannuation Guarantee Charge (SGC) in insolvency. Under the Corporations Act, employee entitlements already rank highly in the distribution of the property of an insolvent company. However, under the current law there is some uncertainty about the standing of the SGC in different forms of insolvency proceedings. The proposed measures will therefore clarify the status and priority of the SGC in insolvency. They will give SGC the highest priority, along with wages and superannuation, that employee entitlements enjoy under the law.

These measures will significantly improve the prospect of recovering outstanding superannuation entitlements if an employer becomes insolvent. They will address a source of cost and uncertainty for practitioners in many proceedings.

The bill also includes measures to ensure that creditors are in a position to make an informed decision about key proposals, such as whom to appoint as an administrator and what they will be paid. Administrators will be required to disclose certain relationships before taking an appointment. Insolvency practitioners will be required to explain the basis for their remuneration proposals when seeking approval. These reforms will address some of the most common public criticisms of our insolvency framework.

The bill includes a number of measures intended to increase the efficiency and reduce the cost of insolvency processes. Amendments in the bill remove redundant meeting requirements, allow greater use of modern communication technology for communication with creditors, and reduce costly advertising requirements.

The reforms facilitate the winding up of companies in corporate groups. Pooling will permit creditors to agree, or a court to make an order, that the liquidation of related companies should be combined and managed as if they were one company. This facility will allow scope for significant cost reductions in these circumstances, for example through more streamlined administration, consolidated accounts, and removing unnecessary duplication such as for meetings and minutes.

**Deterring misconduct by company officers**

The government has already implemented some enhancements to its insolvency law program. Most notably, the government has allocated $23 million over four years for the assetless administration fund and complementary enforcement programmes. The assetless administration fund finances preliminary investigations by expert liquidators of companies selected by ASIC that have been left insolvent with little or no assets when it appears to ASIC that it may be able to take enforcement action as a result of the investigation and reports.

In support of ASIC’s important enforcement work in this area, the government will legislate to restore the longstanding position that the privilege against exposure to a penalty does not apply in proceedings where ASIC is seeking disqualification or banning orders and no other penalty.

Banning and disqualification orders, and orders to cancel or suspend a licence under the Corporations Act, are important tools for deterring corporate misconduct. They serve a protective function, by allowing the removal of unwanted participants from the market. One of their main benefits is that they allow for an expeditious response to corporate misconduct.
This reform will provide significant assistance to ASIC’s work in discouraging company misconduct, including unlawful ‘phoenix company’ activity.

Enhancing the regulation of insolvency practitioners

To enhance the regulation of insolvency practitioners, the current prohibition on inducements for the referral of work will be extended to directors and other persons.

Creditors will be provided the power to appoint a new person as liquidator if the company proceeds to liquidation after an administration or deed of administration ceases. This will allow creditors to appoint a new practitioner to investigate the conduct of the previous directors and administrator, if they are concerned about the performance or independence of the administrator.

The registration regime for liquidators will be updated, by introducing more regular reporting requirements and a requirement to hold adequate insurance.

The reforms will also introduce greater flexibility into the processes of the Companies Auditors and Liquidators Disciplinary Board, or CALDB, expediting disciplinary matters in this area. I note that the High Court has recently dismissed appeals which argued that the CALDB powers to suspend a liquidator were unconstitutional.

Fine-tuning the voluntary administration procedure

After more than 10 years experience with voluntary administration, a number of amendments are included to improve and finetune this procedure. The reforms will enhance efficiency and clarify the operation of the administration provisions.

The most important changes concern the timing of meetings, the quality of reporting to creditors, and the facilitation of fundraising in administration.

The bill also grants administrators new powers to sell property subject to a retention-of-title clause, pledge or lien, in the ordinary course of business. These new powers will assist in the rescue of viable companies, for the benefit of creditors and other stakeholders.

Response to PJC Inquiry into the Exposure Draft Bill

As I mentioned earlier, this bill also reflects the adoption by the government of many of the PJC’s 2004 recommendations. A small number of recommendations have not been adopted, on the basis that a strong case has not been made at this time.

The PJC initiated an inquiry into the exposure draft bill, and tabled its report on 29 March 2007. To the extent that these recommendations mirrored those made by the PJC in 2004 that the government did not earlier accept, the bill has not been amended.

In relation to the prospect for future law reform in the area of corporate insolvency, I note that a number of new issues were identified by stakeholders in drafting this bill. Some of these have been referred to CAMAC for further advice. In addition, CAMAC is currently considering the implications of the Sons of Gwalia decision and the issue of long tail liabilities.

In conclusion, I note that the current bill has been developed after extensive consultation. The government appreciates the assistance of members of the Insolvency Law Advisory Group, and the Insolvency Practitioners Association of Australia, in the preparation of the bill. The bill was exposed for public comment. Under the Corporations Agreement between the Commonwealth and the states and territories, the bill needed to be approved by the Ministerial Council for Corporations. The ministerial council has approved the bill. I commend the bill to the House.
Debate (on motion by Mr Edwards) adjourned.

COMMITTEES
Privileges Committee
Report
Mr CAMERON THOMPSON (Blair) (9.20 am)—I present the Committee of Privileges report on allegations of documents fraudulently and inaccurately written and issued in a member’s name.

Ordered that the report be made a parliamentary paper.

Mr CAMERON THOMPSON—by leave—On 10 August 2005, the House referred to the committee whether two incidents, where alleged fraudulent and inaccurate documents purportedly from the member for Eden-Monaro, the Hon. Gary Nairn, were distributed to media outlets and to a recipient of government funding in his electorate, constituted contempts. In both incidents it involved documents dated 1 April 2005, which were carefully fabricated to make it appear as though they had been sent by Mr Nairn. The committee details these incidents in its report. Mr Nairn had not been responsible for preparing and sending either document. As the committee became aware that the Australian Federal Police was conducting an investigation of these incidents it delayed its inquiry until the AFP had concluded its investigation. Subsequently, the committee became aware of three further incidents of correspondence sent on 1 April 2006, apparently on the letterhead of the member for Eden-Monaro and with his signature. One of these letters was sent to the secretary of the Committee of Privileges.

The AFP again investigated these incidents. While the AFP was able to identify a suspect and prepared a brief of evidence for the Commonwealth Director of Public Prosecutions, the matter did not proceed to prosecution. However, the AFP advised the committee that the evidence it had collected on the case established a clear and manifest connection of Ms Harriett Swift, a resident of the South Coast of New South Wales, to the preparation and distribution of the documents that were the subject of the inquiry. When Ms Swift appeared before the committee, she did not deny this evidence and, in response to a specific question, she admitted that she was responsible for the preparation and distribution of the document.

For a matter to constitute a contempt, conduct must amount to, or be intended or likely to amount to, an improper interference with the free performance by a member of the member’s duties as a member. The act of misusing the letterhead and signature of a member of parliament potentially is a criminal offence, although that would depend on the particular circumstances. In this case the matter did not proceed to prosecution. The issue for the committee was not whether the misuse itself was illegal or improper, but whether the misuse resulted in an improper interference in Mr Nairn performing his duties as a member.

Communicating with constituents, including communication with the local media, is an important part of the duties of a member, and members rightly rely on this communication being seen as honest and being free from interference. In preparing and distributing the press release and letters to make it appear as though they had been sent by Mr Nairn, Ms Swift stated her intention was to draw attention to the issue of logging in south-east New South Wales forests by the use of an April Fools’ Day joke.

However, the test as to whether a matter amounts to a contempt as provided in section 4 of the Parliamentary Privileges Act does not just go to the intention of the conduct but also to whether it amounts, or is likely to amount, to an improper interference with the
free performance by a member of his or her duties. Evidence from Mr Nairn shows that there was interference with his communication with his constituents and such interference could be expected as a likely outcome of such misuse.

The committee considers the misuse of a member’s letterhead and signature, regardless of the specific intentions, would either amount to, or be likely to amount to, an interference with a member’s ability to communicate freely and honestly with his or her constituents. The committee also considers that such interference in these circumstances, when there is a deliberate attempt to misrepresent a member by fabricating a letterhead and signature, is improper and constitutes a contempt of the House.

The committee finds that Ms Harriett Swift, on five occasions in 2005 and 2006, deliberately misrepresented the Hon. Gary Nairn MP by producing and distributing documents that fabricated Mr Nairn’s letterhead and signature to make it appear that the documents were prepared and sent by Mr Nairn. The committee finds Ms Swift guilty of a contempt of the House in that she undertook conduct which amounted to an improper interference with the free performance by Mr Nairn of his duties as a member.

The imposition of a punishment for a contempt of the House is a matter for the House, but the committee wishes to give guidance to the House about an appropriate penalty in these circumstances. The committee considers that the contempt committed by Ms Swift is a very serious matter, although it notes that, in the circumstances, none of the incidents resulted in significant damage to Mr Nairn or any other person. In light of this, the committee considers that an appropriate penalty would be for the House to reprimand Ms Swift for her conduct. Any further such conduct by Ms Swift could give rise to more serious consequences.

The committee recommends that the House: (1) find Ms Swift guilty of a contempt of the House in that she undertook conduct that amounted to an improper interference with the free performance by Mr Nairn of his duties as a member; and (2) reprimand Ms Swift for her conduct.

In closing, I would like to thank the members of the committee for their cooperation in and commitment to what has been a very lengthy and protracted process. I would like to thank the members for Lingiari, Chisholm, Makin, Canberra, Gilmore, Cowper, Fraser, Banks, Sydney, Canning, Chifley and Fairfax. I would also like to thank the committee secretariat—the secretary, Mr David Elder, the research officer, Claressa Surtees, and the administration officer, Laura Gillies—for their help and advice.

Publications Committee Report

Mrs DRAPER (Makin) (9.27 am)—I present the report from the Publications Committee. Copies of the report are being placed on the table.


Public Works Committee Reference

Mr LINDSAY (Herbert—Parliamentary Secretary to the Minister for Defence) (9.28 am)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: RAAF Base Amberley redevelopment stage 3, Queensland.

RAAF Base Amberley is the largest operational Air Force base in Australia. The development will sustain Amberley’s growing base population and position it to better em-
brace the new aircraft platforms that are being introduced and are proposed for the future.

This third stage of redevelopment will include 14 project elements encompassing fuel farm works, training accommodation, medical and dental facilities, trainee living-in accommodation, combined messing facilities, physical fitness training facilities and office accommodation. The estimated out-turned cost of the proposal is $331.5 million, plus GST.

Mr Cameron Thompson—Hear, hear!

Mr LINDSAY—Subject to parliamentary approval, construction will commence in early 2008 and finish by late 2011. I know that the member for Blair is very pleased to see this referral today, and I commend the motion to the House.

Question agreed to.

Public Works Committee Reference

Mr LINDSAY (Herbert—Parliamentary Secretary to the Minister for Defence) (9.29 am)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: C-17 Heavy Air Lift Infrastructure project.

The C-17 Heavy Air Lift Infrastructure project will deliver the necessary permanent facilities and airfield pavements to support C-17 operations at its home base, RAAF Base Amberley, and expanded infrastructure at deployment bases, RAAF Bases Edinburgh, Darwin, Pearce and Townsville, to allow the large aircraft to operate effectively.

This project will allow the C-17 aircraft to provide a new responsive global airlift capability that will significantly enhance the Australian Defence Force’s ability to support national and international operations as well as major disaster relief and rescue efforts.

The expected out-turned cost of the proposal is $268.2 million, plus GST. Subject to parliamentary approval, construction will commence in early 2008 and be complete by 2011. I commend the motion to the House.

Question agreed to.

Public Works Committee Reference

Mr LINDSAY (Herbert—Parliamentary Secretary to the Minister for Defence) (9.31 am)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: HMAS Creswell redevelopment, Jervis Bay Territory.

The Department of Defence proposes to undertake a redevelopment of HMAS Creswell, Navy’s premier training institution. The works now proposed are required to overcome the limitations of current facilities to provide effective training to Navy officers and sailors to support Navy’s capability. The progression of the project will aid in Navy’s recruitment and retention.

The main components of the project include new and refurbished living-in, office and classroom accommodation, and an upgrade of engineering services. The project will also provide modernised training and physical fitness facilities to support Navy training requirements at HMAS Creswell.

The estimated out-turned cost of the proposal is $83.6 million, plus GST. Subject to parliamentary approval, the works could commence in early 2008 with the objective of having them completed by mid-2011. I commend the motion to the House.

Question agreed to.
Public Works Committee

Reference

Mr LINDSAY (Herbert—Parliamentary Secretary to the Minister for Defence) (9.32 am)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Land Engineering Agency Test Services relocation, Monegeetta, Vic.

The Department of Defence proposes the relocation of Land Engineering Agency Test Services from Defence site Maribyrnong to Monegeetta Proving Ground in Victoria. The objective of this proposal is to gain advantages from the co-location of Land Engineering Agency Test Services with its existing operations at Monegeetta, and to allow the Commonwealth to dispose of the Defence site Maribyrnong property. I have recently visited Maribyrnong and I am aware of the issues in relation to disposal of that site. This certainly will allow that to occur.

The proposed project involves a mixture of refurbished and new facilities, including supporting infrastructure. The estimated outturned cost of the proposal is $35.9 million, plus GST. Subject to parliamentary approval, construction could commence in early 2008 with completion in mid-2009. I commend the motion to the House.

Question agreed to.

Public Works Committee

Reference

Mr LINDSAY (Herbert—Parliamentary Secretary to the Minister for Defence) (9.34 am)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: RAAF Base Pearce redevelopment stage 1, Pearce, WA.

The Department of Defence intends to undertake stage 1 of the redevelopment of RAAF Base Pearce in Western Australia, at an estimated out-turn cost of $142.2 million, plus GST. RAAF Base Pearce is a major military air base in Western Australia. The base primarily supports flying training and additionally supports overseas deployments and transit operations. I was recently at RAAF Base Pearce and was privileged to fly with Squadron Leader ‘Homer’ Simpson to look at other defence issues that were in the vicinity. While I was there, I was certainly acutely aware of the need to do this particular work.

This is the first redevelopment planned for RAAF Base Pearce and seeks to address the aged, sub-standard and dysfunctional infrastructure and facilities, which do not comply with current standards. It will also enhance defence capability by enabling personnel mobility, morale, esprit de corps, training outcomes, attraction and retention.

The redevelopment project will involve:
- replacement of Base-wide engineering services;
- a new fuel farm;
- a new quality control centre;
- a new combined mess;
- an upgrade to the Air Movements terminal;
- upgrade to the training aircraft maintenance hangar;
- a new noise attenuated engine run-up facility for the resident training aircraft;
- new living-in accommodation for cadet pilots; and
- demolition of redundant facilities.

Subject to parliamentary approval, further design and construction will commence in late 2007 and is anticipated to be completed by mid-2011. I commend the motion to the House.
The DEPUTY SPEAKER (Mr Jenkins)—Perhaps, based on the anecdote and the name of the pilot, I should go ‘Doh’!

Question agreed to.

NATIONAL HEALTH AMENDMENT (PHARMACEUTICAL BENEFITS SCHEME) BILL 2007
Second Reading

Debate resumed from 24 May, on motion by Mr Abbott:

That this bill be now read a second time.

Ms ROXON (Gellibrand) (9.36 am)—Labor is completely committed to the Pharmaceutical Benefit Scheme and to strengthening it for the future. We do not deny that the changes in the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2007 are some of the most significant since Labor created the scheme, and we want to be confident it is going in the right direction.

Labor’s history with the PBS goes back almost 60 years, when in June 1948 the then Labor government decided that penicillin should be made available to all Australians, rich or poor, free of charge. We have always since that time seen the PBS through a lens of what it delivers to consumers, in terms of price and sustainability of the overall system. We want to, and must, support changes that are aimed at increasing competition, rewarding innovation and maintaining access to medications for all Australians.

Labor’s fear with this package is that it is aimed at the first two, that is the increasing of competition and rewarding innovation, which is desirable, but it is not complemented by any further protections for consumers. In the past, the PBS has been the envy of others around the world for controlling costs to consumers yet having a workable and predictable system for industry. The principle underlying today’s PBS is that new drugs that are both effective and cost-effective should be made available to all Australians. This is regarded internationally as an excellent model for the robust assessment and funding of new medicines. These tests remain part of the new system proposed by the government.

The largely bipartisan approach to the PBS has been under some recent stress, with decisions made that might threaten the pillars—the national medicine principles which have been supported over time. These threats come from using the Intergenerational report to beat up on the PBS, to increasingly allow patient payments that push up the cost of drugs to consumers.

Labor’s approach to the PBS and to the proposed changes is based on three core principles: ensuring sustainability in the long term; ensuring patients can afford the drugs they need; and ensuring we utilise the PBS as part of a broader prevention strategy, including the best possible management of chronic disease. The bill certainly contemplates the first principle, and is clearly aimed at ensuring the sustainability of the PBS in the long term. You will see in my comments to come that we are yet to be fully satisfied it meets our second principle: ensuring that patients can afford the drugs they need. And the package does not deal in any way with our third concern: ensuring that we utilise the PBS as part of a broader prevention strategy. But I would like to note that Labor regards this as fertile ground for future attention.

I would also like to note, before I go into more detail on the bill, that Labor’s approach to health and medicines is not comprehensively defined just by our approach to the PBS. We know that our approach to science and research and our support for innovation and manufacturing policy are also vital planks in any debate we have about pharmaceuticals and the role they can play in health care. Labor wants to encourage research and
innovation in the pharmaceutical industry, but we know that we cannot achieve everything we would like only through the PBS. We will continue to pursue these additional goals through our industry and research policy as well.

I mention Labor’s commitment to industry policy and supporting research, because of course there is always going to be some tension between consumers and government on the one hand and industry on the other in a system like the PBS, which is designed to ensure affordable access to the best medications. An entire industry policy cannot be driven simply through the PBS, even though it may be the most fundamental impact governments will have on the industry.

It is worth remembering that because the PBS covers a broad range of medicines, Australian patients have excellent access to the medicines that they need. And because there is a robust process for the expert assessment of the cost-effectiveness of new drugs by the PBAC, medicines are supplied at a price that the government can afford. But the principal challenge for any government, given the life-saving and life-extending potential of new medicines, is to ensure that the PBS continues to fund the medicines that deliver the best health outcomes. To be effective, the PBS needs to continue to enjoy the confidence of all Australians. Clearly this is an objective behind the government’s changes, and it is an objective we support. It is why there have been many months—more than months, in fact—worth of planning and discussion preceding these changes in the bill, and we acknowledge that industry has been well consulted and is generally supportive of the package. Of course, in coming to our view it is not insignificant to us that Medicines Australia, the AMA, the consumer health organisations and the Pharmacy Guild are broadly supportive of this package. Consumer groups, unfortunately, were not involved until a later stage of consultations, and it seems that academics and other advocates have hardly been involved at all.

In this context, it is a shame there is going to be so little time for the parliament to give this bill proper attention and that only a very swift Senate committee inquiry will be possible. Labor will still insist on this committee to ensure that our remaining questions can be answered, and we will reserve our right to move amendments in the other place if we cannot be assured that some of our concerns, which I will raise today, are addressed properly in the bill.

Given the fundamental importance of the PBS to the health of Australians, it would in our view have been a suitable courtesy to allow more time for the parliament to debate this bill and to allow for improvements to be proposed. It would also have been important in reassuring the broader community about the plans and the government’s intentions, particularly when it is such a complex package.

We do acknowledge that in recent years some progress has been made on improving clarity and transparency in the procedures that are adopted by the Pharmaceutical Benefits Advisory Committee, both to patients who await the outcomes of the PBAC’s deliberations and to the sponsors of new medicines. There have also been some failed attempts at bringing about change, like the government’s 12½ per cent mandatory price reductions, which were not based on consultations and did not have wide industry support and, accordingly, have not been as successful as they might otherwise have been. We note that this bill now puts that policy and further extensions of it into legislation, with some attempt to have a more consistent foundation for it. Accordingly, this package has received much greater industry support.
I want to note for the record that the bill does not deal with a range of other changes that are linked to this package, such as payments to pharmacists who dispense generics or products at the benchmark price, the changes to the authorisation process and the community campaign to be run about generic drugs, amongst a number of other changes. The bill does not deal with the government’s shift of the PBAC to a full cost-recovery model. I raise this because central to the PBS is the fact that the PBAC should be robust and independent and should provide advice to government without fear or favour. As I have already flagged, we need the community as well as governments to continue to have confidence in this scheme. The PBAC needs to be independent of government and of industry, and we cannot see the justification for this move to the cost-recovery model. I have asked the government to reconsider this approach given the risk to the independence of the PBAC, or even to consider if cost sharing, perhaps between the government and industry, being the major stakeholders in the PBAC, would be more appropriate. I note the AMA has recently backed this call to ensure that independence is maintained.

I turn now to the PBS and the bill. Regrettably, the Howard government has a poor record with respect to the management of the PBS. Since 1996, under the Howard government expenditure on the PBS has fluctuated considerably. Because it failed to manage the growth in PBS expenditure, in 2005 the government implemented increases in the copayments that patients were required to pay when they had their prescriptions filled. As a result, three million fewer PBS scripts were filled in 2005-06 compared to the previous financial year. What is impossible of course to know is if this has simply achieved a sensible saving or if, as we suspect, more and more Australians, particularly pensioners, are forgoing their medication because of cost. We are now starting to see some research that backs that up. Last year we also saw the health minister approve special price increases for a range of commonly prescribed PBS medicines, including treatments for reflux, ulcers and blood pressure and commonly prescribed antibiotics. I will come to this in more detail later because these special payments are central to some of the concerns that Labor has about these reforms.

Once again patients were forced to pay more because of the Howard government’s inability to deliver on the implementation of their 12½ per cent generic price cut policy. The bungling and mismanagement around this policy is a worrying sign for how they will deliver on these changes to come, but we hope that in fact they may have provided some good learning for the government and that we will not be going through the same problems that we have gone through in the past. While you might have expected the government to look at a strategic approach to PBS spending in the intergenerational reports, in fact all we saw was the PBS being used as a scapegoat for rising health costs. In the first report there was a lot of focus on the cost of the PBS but little attention to what it and health prevention more broadly could save the community down the track. In the government’s most recent intergenerational report, the second one, the PBS estimates are scaled down slightly, but there is a continued neglect of the huge health challenge presented by the increase of chronic disease and zero attention paid to the prevention strategies needed to tackle it.

The government asserts that this bill will deliver massive savings—the estimate is $3 billion over 10 years. Labor is concerned that the government is hiding behind the general idea of savings without explaining that the savings are to the government and not to consumers. They might even, in a worst-case
scenario, be at the expense of consumers. They also fail to clarify where their supposed savings of $3 billion over 10 years will actually come from. This will be an issue that the Senate committee will want to explore.

I turn now to the central components of the bill. Anybody who happens to be listening to parliament at the moment will be relieved to know that I am not going to go through this incredibly complex piece of legislation in enormous detail. The government’s explanatory memorandum and the bill itself do that. What I would like to do is give an overview and raise the issues that are of particular concern to us. The bill comprises one component of four interconnected measures of the government’s announced reforms relating to the PBS. The stated aim of these reforms is:

... to give Australians continued access to new and expensive medicines while ensuring the PBS remains economically sustainable into the future. This is an aim which, of course, Labor shares. The aim, unfortunately, does not include restricting or minimising the price to consumers. Whilst the bill does not directly determine the price to consumers at all, it certainly does not actively protect them either.

This bill amends the National Health Act and deals with changes to the pricing of PBS listed medicines. The central main change in the bill is the creation of formularies for all medications. These can be found in new sections 85AB and 85AC. From 1 August 2007 PBS medicines will be listed on two separate formularies. Formulary 1, or F1—and I fear the parliament will become very familiar with F1 and F2 over the coming weeks—will comprise approximately 450 single-brand medicines. These are generally new, innovative or niche medicines. However, it will not contain single-brand medicines which are interchangeable at the patient level with multiple-brand medicines. Formulary 2, or F2, will comprise approximately 230 multiple-brand medicines and any single-brand medicines which are interchangeable with multiple-brand medicines at the patient level. These are generally generics, off-patent drugs and different versions of older drugs. There will be a transitional pricing arrangement which will apply to F2 drugs with two subformularies being created.

The bill will also deal with ongoing price links between F1 and F2 drugs. There will not be ongoing price links across medicines listed in the different formularies. Reference pricing will continue to apply between medicines that are linked within reference pricing groups in the F1 category. Reference pricing will continue to apply within ‘therapeutic group’ premium groups and across different brands of the same medicines listed on F2. This is probably already sufficient to have lost many of our listeners, but I think it is important for us to have on the record the basic framework of the changes so as to be able to talk about some of the concerns we have. The bill also deals with pricing mechanisms. Over various stages in coming years, medicines listed on the F2 formulary will be subject to mandatory price reductions and will move to a system of price disclosure where the price that the government pays will reflect more closely the actual price at which the medicine is being sold into the market. Surely this is a desirable outcome. Weighted averages will be used to ensure that prices continue to drop when there are new market entrants in a competitive field. Complex mechanisms are included in the legislation which are designed to ensure that the markets cannot be manipulated at the government’s expense.

Finally, the legislation will protect supply by requiring the suppliers of new brands of medicines listing on the PBS to guarantee to supply for a minimum period and by impos-
ing penalties if they fail to meet this commitment. This is found in new division 3C. This provision is needed to ensure that fly-by-night manufacturers do not set up, drive down prices, drive out competitors and then leave the market. This is obviously an important protection for us in this newer, more competitive model. Our concerns with the package fall into a number of different areas. The package is structured to bring down the price of generics and those drugs where there is competition, and to leave what is often called ‘headroom’ for new and innovative drugs. Labor support obtaining lower and more realistic prices for generics and rewarding innovation but we have some fears about the unintended consequences of these reforms which may put more financial pressure on consumers.

Some commentators argue that the breaking of the link between the innovative and more established drugs will make it easier for pharmaceutical companies to demand a higher price for the new drugs. They argue that reference pricing, whilst being maintained, will be fundamentally weakened. Dr Tom Faunce, for example, is strongly of the view that changes will severely weaken reference pricing and sees little benefit to the consumer and significant potential harm. Andrew Searles from the University of Newcastle argues that reference pricing between drugs that provide identical health outcomes will be broken. He acknowledges that drugs within the F1 formulary with the same therapeutic use will still be reference priced, but as the comparator changes there is uncertainty as to what this will mean for the price to government.

These issues need to be explored further in the Senate committee, and if the government is able to provide a clear explanation of why this will not happen that will certainly be welcome. We also acknowledge that it is possible that the broken link between these groups may mean that we will be able to drive prices much lower for the off-patent and generic drugs and that that will be of benefit to the government and the community. But the risk of government payments increasing significantly for F1 drugs as a result of these changes clearly needs to be assessed. I note, though, that in this particular example the increases will be borne by the government and not the consumer, so it will be the government that will need to keep an eye on pricing. At least the government has some capacity to affect it if it gets out of hand in the future in a way that might not be contemplated by these changes. The other risks to consumers are not as easily protected against for the obvious reason that the bargaining power of any individual consumer is next to nothing in this environment—unlike the government, which has significant bargaining power over the price set for new and innovative drugs.

Labor wants to be assured and convinced that there are adequate protections for consumers so that family budgets do not bear the brunt of the price reductions to government through increased costs at the pharmacy counter, so I will take some time to explain my fears and hope that the Senate process will flush out further whether or not they are substantiated. Labor is concerned that the plans to include an annual mandatory two per cent price cut to the price paid by the government for medicines on the PBS, on top of the 12½ per cent mandatory price cut which currently exists, could lead to higher costs to patients. Whilst savings to government in the context of keeping the PBS sustainable are vitally important, if the saving creates a risk that the differential will be recouped by passing it on to the consumer then this is of great concern to Labor. Whilst we support steps for sustainability and appropriate payment for innovation, our concerns centre on three issues: the risk of more spe-
cial patient contributions, the risk of larger special payment contributions and the sustainability of the generics industry in general.

The government’s mishandling in 2005 of the 12½ per cent price cut has already meant that a large number of medicines now attract a special patient contribution or an additional premium paid by the patient, and there is a risk that these new changes will increase the range of medications these apply to or the size of those payments. I must note here that both the government and the pharmaceutical industry argue strongly that the legislation will not cause more or higher special payments; nor, they say, will the market allow it. It is of course the opposition’s job, on behalf of consumers, to carefully scrutinise those assertions.

Currently the types of special patient contributions include brand premiums, therapeutic goods premiums and other special patient contributions. Section 85B of the current legislation allows the minister to determine that a special patient contribution be applied, but not the value of the payment per se. This bill does not change that, and the government argues that these two categories of payments are not a real concern because there will always be another bioequivalent available or a drug that is interchangeable at the patient level and at the benchmark price that a consumer can purchase. Obviously the other incentives that are not part of this package may help encourage pharmacists to encourage patients to use those interchangeable products.

It does appear that the bill meets one of Labor’s earlier concerns, which was that brand premiums themselves would not be reduced or may even increase to make up for the other reductions as the drugs they apply to take the mandatory price cuts. The government has assured us that, when the price reduction regime kicks in, the bill ensures that brand premiums on those existing medicines will also be reduced by the same percentage—for example, sections 99ACE(4)(a), 99ACF(1) and (2)(c) and 99ADH(3) and (4). I would like the Senate committee to carefully scrutinise those claims as well. However, arguments over price could still lead to new medications in the future attracting a brand premium, and it is unclear what power the minister would have to stop that, whether the changes make this more likely or whether there is any control over the size of those premiums.

The third category of other special patient contributions applies in quite limited circumstances, often where there is a unique formulation of a drug—for example, an oral form of a particular drug taken by children. Currently, in cases where a special patient contribution of this type applies, a doctor can ring Medicare and have the special patient contribution waived on clinical grounds. In this category, the bill provides a new section 84AH which exempts products similar to these from mandatory price reductions and price disclosure. Clear criteria are set out for when this would apply. It appears that this new section will mean that there will be no future need for these types of SPCs or for the authorisation process. It is not clear what will happen to those that currently attract an SPC, and we would like some more information from the government about whether in fact these categories are identical. These are the sorts of issues we want to flesh out in the Senate committee, so it is a shame that it is going to be such a rushed process.

As I said, the third concern is the impact of changes around generics, which is unclear from the legislation. Generics have not had the market share in Australia that they have had in other countries and these changes do not provide any price signal to consumers to encourage such use. The new benchmark price will apply to branded and non-branded...
generics, so again the impact will depend on the market behaviour of pharmaceutical companies—both the generic manufacturers introducing new generic products into the market and the originator companies that will be required to respond to the increased competition.

Our concerns in the generics area are around a range of issues. As I have said, the package does not include financial incentives for consumers to use generic medicines, although they certainly provide financial incentives for pharmacists to dispense them more often. The package creates separate formularies and, as I have said before, some commentators argue that this will erode the general principle of price referencing and therefore have an impact on the generic price. The protection of F1 medicines from mandatory price cuts may, as some people argue, encourage evergreening—that is, filing patents for new uses of an existing drug towards the end of a patent period to extend that period so that it will not be subject to competition from generics—as a tactic to delay the introduction of generic versions of medicines coming off patent, and that the price disclosure arrangements may erode the profits of Australian generic drug manufacturers and pharmacists.

The theme in common to these criticisms is that the reform does not do enough to facilitate—and indeed may lead to the erosion of—the development of the Australian generic medicines sector. Labor has always been a strong supporter of the generics sector as essential to increased price competition in the Australian medicines sector, to reduced costs to government and to the flow-on of the future sustainability of the PBS. So we are concerned about these issues being raised.

University of Newcastle researcher Andrew Searles notes that the success of these reforms assumes a ‘reasonable degree of competition’ in Australia’s generic medicines industry. Whether, in the current environment, this assumption is reasonable or not is uncertain. For one thing, we know that there are significant commercial associations between some generic manufacturers and some brand manufacturers, which, given the way the new formularies will work, mean there will be different incentives and disincentives in place for the price at which a generic manufacturer—or an innovative manufacturer producing a non-brand product—might want their drug to enter the market. Kim Sweeny from the Centre for Strategic Economic Studies describes the generics industry as ‘highly oligopolistic’ and of course that has an impact on whether or not the competition that is necessary for this change to work is actually in place.

As such, some commentators have predicted that the reforms in the bill may actually increase the cost of the PBS over the longer term. This claim has been denied by the medicines industry peak body, Medicines Australia, and it is virtually impossible, I think, to evaluate without fairly advanced market modelling. It may be that the government has that, and certainly that could be provided to the Senate committee. But I suspect, from our briefings, that it does not and that we are hoping to make these changes and see if we can affect the way the market will operate in the future without really having done sufficient modelling to know if that will be the case. There are so many variables that it may, in fact, be a very difficult task.

Labor recognises that innovation has value and that the best way to ensure that the PBS can continue to fund new medicines is to ensure that the market for generic medicines is characterised by greater competitiveness, transparency and disclosure—and, of course, price benefit to government and consumers. We hope that these changes will
deliver that, but we believe that more scrutiny is required and it may be, as I have said, that the government will be able to assure us that these changes will support, rather than damage, any of those outcomes.

In conclusion, Labor’s approach to health is basically a compassionate one: we must care for those around us who are ill and need our support. But our approach is also one that goes hand in hand with our economic strategy. Clever health spending should be seen not merely as a cost but rather as an investment in the nation’s future. The PBS, more than any other area, suffers from the refusal by the government to see health expenditure in this way. The Howard government is always running the PBS up on the cost side of the ledger—often in quite an alarmist manner, as it did in its first intergenerational report—without looking at the potential savings that can be derived from the proper and responsible use of appropriate medicines.

Expenditure on pharmaceuticals and the PBS is an investment as much as a cost, but of course we need to manage and drive it to keep it effective and responsible, to control the budget bottom line. But we need to also make sure that, whilst doing this, we do not pretend that the cost of the PBS should be looked at in isolation. It would be false economy to take steps just to have savings in the PBS if we were not sure what the outcome would be elsewhere.

Broadly, we think that the government are taking the right approach in making these changes to ensure the future sustainability of the PBS, but we urge them to take a much broader view generally in the way that they regard this very significant part of the health portfolio and the spending in it. Drugs play an important role in the management of chronic disease. They have always had a huge impact on many of our constituents’ everyday lives and they increasingly will.

Medicines funded under the PBS play a vital role in prolonging the active working lives of Australians. Used responsibly, medicines have the potential to improve both workforce productivity and participation, in addition to saving money in other parts of the health system. Responsible spending on the PBS contributes to improved economic growth and should be seen as an investment, not just a cost. To continue to improve participation in the workforce, we will need to maintain and enhance the health of our ageing population. Continued access to medicines through the PBS will play a significant role in improving productivity in the future.

Most people understand that medication is not the answer to every health problem—that lifestyle factors such as exercise and diet have a substantial role to play in ensuring the health of our population. And we can always get better at how we use and manage medications. Some of the recent initiatives involving pharmacists—for example, their home medication reviews—are positive ones, especially for patients at high-risk times like discharge from hospital.

Medicines can positively contribute to workplace productivity and economic growth. By treating symptoms and extending life, medicines improve people’s activities and functions in daily life, including their physical, social, emotional and cognitive wellbeing. These all contribute to a person’s ability to participate in the community and the economy—and it is a value we must not forget.

Of course, the importance to the community is very much weakened if any changes we make to the PBS make pharmaceuticals more expensive for our constituents. The government are adamant that their changes do not do that. We would like some time,
through the Senate committee process and some continued briefings from the department, to be satisfied that our primary concerns about the impact on consumers are not substantiated. We will be delighted if the government can assure us of that. But we suspect that their record is not so great that we will take just simple assurances without having some more substance behind the notes and briefings that have been provided so far.

I have set out, I hope, in this House the areas of our major concerns. It does appear that a number of them have been taken account of and will be covered by this bill. We welcome that. If we can have some satisfaction in terms of the other concerns that we have raised, it may be that we will be able to support the bill in its current form in the Senate. But we do reserve our position to move amendments in the Senate, following the work of the Senate committee and if we are not able to receive the assurances that our constituents will be protected.

The cost of pharmaceuticals is already going up. I know many of the other members on this side of the House will be raising that issue when they speak. The cost has gone up significantly over time. We have data from the Australian Institute of Health and Welfare and other research organisations showing that people are forgoing healthcare treatments because of cost, and we do not want to contribute to or exacerbate that with this package. And we hope that the government, the industry and stakeholders, who no doubt will be involved in giving evidence to the Senate committee, will be able to satisfy us that those concerns will be met.

Mr HARTSUYKER (Cowper) (10.07 am)—I welcome the opportunity to speak on the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2007. I welcome the broad support for the aims of this bill as expressed by the member for Gellibrand, but I reject her notion that the government is mismanaging the PBS. This government has a strong record on economic management. This government has kept interest rates low, it has kept the economy growing and it has kept unemployment falling. We have done a great deal in economic management—and economic management is also important in the area of health. It is very easy to throw more and more money at the health system—anyone can do that—but the issue is to allocate those funds as efficiently as possible and to get the maximum benefit for the community out of a limited health budget. We would all like to spend more in virtually any portfolio area you care to name, but the challenge is to spend that money efficiently and effectively. The reforms contained in this bill aim to do precisely that.

In her contribution, the member for Gellibrand conveniently neglected to include the fact that the Pharmacy Guild has indicated that, for those non-concessional patients who are paying for drugs that cost in excess of $30.70, there will be a projected reduction in price of $2.73 for some 400 brands that are included under these reforms. The real purpose of these reforms is to provide a more economical framework for generics and, in doing so, leave that headroom and allow us to invest more heavily in the more expensive innovator drugs, those wonder drugs that provide cures for a whole range of complaints. So I certainly reject the notion put forward by the member for Gellibrand.

I would also like to reflect for a moment on another issue she has raised, which is that these reforms may somehow cause an increase in the price of F1 drugs. She is walking both sides of the street on this. She praises the actions of the PBAC, yet she says that the PBAC is going to be ineffective in allowing the price of F1 drugs to rise. The PBAC is a gatekeeper. It has a role in ensur-
ing that new drugs coming onto the market are effective and efficient in terms of cost and from a clinical point of view. The member for Gellibrand clearly does not take that into account. Perhaps she will come to her senses later in the day.

The bill is another vital step in ensuring that our Pharmaceutical Benefits Scheme remains sustainable into the future. Sustainability is the key in this. As our population continues to age and as more expensive medications become available, it is essential that the government continues to implement measures which will work towards the sustainability of our PBS. The bill before us today is a further endorsement of this government’s key values when it comes to health service delivery. This has been evident across a range of key areas in the health portfolio. For example, the coalition government is strongly committed to Medicare as the most important pillar of Australia’s health system. We are proud of the fact that, on any objective criterion, the coalition government is, as the health minister constantly reminds us, the best friend that Medicare has ever had.

We are proud of the fact that the coalition government is committed to a balanced public and private system and strongly encourages those who want to take out private health insurance and, in doing so, take pressure off the public system. That is a very important fact. We often hear from the members opposite that the private health insurance rebate is the epitome of evil, a draconian measure that is wrecking our health system. But what we are really doing is encouraging people to take control of their own health issues, invest in their own health insurance and, in doing so, most importantly, take pressure off the public health system.

We are proud of the fact that the coalition government is delivering access to more-affordable medicines under the PBS. The legislation before us today is an extension of the coalition government’s commitment to a sustainable, accessible and world-class Pharmaceutical Benefits Scheme. It is a timely reminder of this government’s commitment to further improve our health system and ensure that it is sustainable in the years to come.

The government has a fine record when it comes to health service delivery. Since the coalition came to office, spending on health has more than doubled—from $20 billion in 1995-96, which was some 15 per cent of Australian government spending, to $48 billion in 2006-07, which is some 22 per cent of Australian government spending. Coalition government spending on public hospitals has increased to record levels under the new $42 billion Australian health care agreements. This is more than $10 billion of additional funding for public hospitals over and above Labor’s last agreement. As I noted before, the coalition government is the best friend that Medicare has ever had—and it is the best friend that the health system has ever had.

In 1995-96, Medicare expenditure was $6 billion. In 2005-06, it was $10.4 billion, an increase of 73 per cent—or 36 per cent in real terms. We have also seen bulk-billing percentages increase significantly as a result of government policy. Since 1 January 2005, Medicare patients have received a higher rebate from Medicare for all GP consultations. The rebate for all GP consultations has increased from 85 per cent of the Medicare schedule fee to 100 per cent of the fee. Additional incentives for GPs to bulk-bill concession card holders and children under 16 have had a very positive impact on bulk-billing figures around the nation, particularly in regional and rural Australia.
In my own electorate of Cowper, we have seen the percentage of bulk-billed GP consultations rise from 52 per cent in 2003 to 72 per cent in 2006—a dramatic increase indeed. We have also seen the introduction of the Medicare safety net in March 2004, under the Strengthening Medicare package. The safety net assists people to cope with the cost of out-of-hospital procedures such as MRI, CT scans, ultrasounds and visits to specialists. Medicare now meets 80 per cent of the out-of-pocket cost of Medicare services provided outside hospital, once an annual threshold has been reached. Approximately 1.5 per cent of Australians are today benefiting from the safety net.

All these initiatives have been complemented by an unprecedented commitment to the Pharmaceutical Benefits Scheme by this government. Since the government was elected in 1996, subsidies for prescription medicines via the PBS have increased from some $2.5 billion in 1995-96 to $6.17 billion in 2005-06, an increase of 148 per cent. The PBS is a crucial part of the Medicare system. More than 80 per cent of prescribed medicines in Australia are subsidised by the government. The PBS provides all Australian residents with affordable, reliable and timely access to approximately 2,600 brands of prescription medicines. The amount consumers pay towards their medicines is only around a fifth of the entire cost to the PBS.

The full cost of PBS medicines is now provided on the label, so consumers can see the real cost. When that measure was introduced, countless people in my electorate came up to me and commented on the fact that they did not realise how much the government was subsidising the medicines that they were using. They did not realise the incredible cost of many medicines to the taxpayer. As a result of that very small measure, many people in my area became much more aware of the importance of spending money on health wisely and much more aware of the fact that it is very important that patients use medicines wisely, because there is a very real and very great cost to government. They realised that there is not just a copayment that they pay but that the taxpayer is subsidising their health care to a huge extent. They were very mindful of that, and that was a very welcome measure.

Also, more than 300 additional medicines have been added to the PBS since 2005, which has added $1 billion to the cost of the PBS between 2005 and the 2007-08 financial year. To ensure the PBS remains sustainable and affordable, the government has previously introduced reforms. For example, in August 2005 new generic versions of existing PBS medicines have been subject to an automatic reduction of at least 12½ per cent in the government benchmark price. This is delivering around $800 million in savings over four years.

A key part of the coalition government’s commitment to the PBS is supporting community pharmacies. We are very much focused on the importance of community pharmacies. The coalition strongly supports the role that community pharmacies play in the Australian healthcare system. That is reflected in the fourth community pharmacy agreement, which sets out how pharmacies are paid for dispensing PBS medicines. The agreement is ensuring that Australians can continue to get the medicines they need at prices they can afford regardless of where they live. Under the fourth community pharmacy agreement, some $11.1 billion is being provided for the distribution and supply of PBS medicines over the period from 1 December 2005 to 30 June 2010. Total payments under the fourth agreement will be 28 per cent higher in real terms than those made under the third agreement. This equates to an average payment of $11.38 per PBS prescription dispensed, up from $9.93 under the
third agreement, or a 6.2 per cent increase in real terms. Importantly, the current prohibition of pharmacies locating within supermarkets continues.

The legislation before us today builds on many of the initiatives which I have previously outlined and seeks to strengthen the sustainability of the PBS. We know that patients for over 100 medicines are due to expire over the next 10 years, providing a unique opportunity to make some changes to the PBS. Changes will be made to the pricing arrangements for medicines to make sure that the government pays reasonable prices for multiple-brand medicines without increasing the costs for patients and taxpayers. The fundamentals of the PBS will not change, however. Patients will continue to meet only the standard co-payments and in some cases they will pay less. The main changes will be in the way that the government prices those PBS medicines that are operating in a competitive market. These medicines will take a series of price drops and eventually will move to a system where the price that the government pays more closely reflects the actual price at which a medicine has been supplied to the pharmacy.

This bill is a very important piece of legislation because it will position the PBS for the future. It specifically seeks to change the way in which certain drugs are priced after they are listed on the PBS. The new pricing arrangements contained in the bill enable the government to realise the benefits of competition where drugs have multiple brands. This is an essential step in providing a sustainable PBS. The bill seeks to distinguish the price of single-brand drugs and those with multiple brands. To date it has been difficult for the government to pay competitive prices for multiple-brand drugs as these prices could flow on to other essential drugs, resulting perhaps in their withdrawal, which would not be welcomed by medical consumers.

The bill effectively divides the PBS schedule into two parts—one part for single-brand drugs and the other part for those which have multiple brands or which are interchangeable at the patient level with drugs with multiple brands. As a result, this bill will provide a minimum 12½ per cent price reduction in the price of any new bio-equivalent brand of drug that lists, provided that the drug has not been previously subject to a 12½ per cent reduction. This 12½ per cent reduction will flow on to existing brands of that drug and other drugs in the same therapeutic group which share the same manner of administration as the new brand. This reflects government policy that has existed since 2005. Importantly, any drugs that have already taken a 12½ per cent reduction under the existing administrative arrangements will not be required to take a further 12½ per cent reduction, as I said earlier. The bill also provides for a price reduction of some two per cent per year for three years, commencing on 1 August 2008, for drugs where price competition between brands is low, or the F2A drugs. A one-off price reduction of 25 per cent on 1 August 2008 will apply for drugs where price competition between brands is high, or the F2T drugs.

To summarise these key changes, this bill will ensure single-brand medicines will retain their higher prices until such time as they become subject to competition, providing companies with greater certainty about the prices of these medicines. Meanwhile, the government will be able to pay a price that more truly reflects the market price for medicines operating in what is essentially a commodity market.

Price disclosure provisions for drugs are an important measure which will ensure the price that the government pays for a multiple-brand drug more closely reflects the actual price at which that drug is being supplied to pharmacies. This will be achieved by
requiring that all new brands that list on what is known as the F2 classification are subject to new price disclosure requirements. Related brands of that drug provided by the same supplier will also be subject to price disclosure requirements along with any brands for which other suppliers volunteer to price disclose.

This bill also ensures there is a guarantee of supply of drugs. From 1 August 2007, suppliers listing a new bioequivalent brand of a drug on the PBS and suppliers of existing brands of what are known as F2 drugs will be required to guarantee the supply of these brands. The guarantee of supply period will be 24 months, or until another new brand of the drug is listed or until a further price reduction is offered in relation to the drug.

Suppliers will be required to notify the minister if they form the belief that they will fail to supply or will be unable to supply, or if they actually fail to supply. The guarantee of supply provisions will deter suppliers from supplying without a viable business model able to support their long-term participation in the market. Interruptions to supply are disruptive for patients and other suppliers. The provisions in the bill also ensure that the government is given as much notice as possible of possible supply failures so that it can take action on their impact on patients, prescribers and pharmacists.

It is always important that, when there are proposed changes to the Pharmaceutical Benefits Scheme, we carefully consider the impact on patients. Importantly, these changes do not impact on the fundamentals of the PBS. Patients will continue to have access to a choice of medicines. On the advice of the PBAC, medicines will continue to be listed to ensure their clinical effectiveness and their cost-effectiveness. There will be no reduction in the range or number of medicines.

Patients will continue to pay only the standard copayment contribution, currently $4.90 for concessional patients and $30.70 for general patients. There are also future benefits. Under the new arrangements, it is less likely that additional patient charges will be added.

Pharmacies will be helped to adjust to the new arrangements through a structural readjustment package. The package compensates pharmacies for the loss in remuneration that will result from mandatory price reductions for medicines in the F2 class and reflects the commitments made by the government to pharmacists in the fourth community pharmacy agreement. As a result of other amendments detailed in this bill, from 1 July 2007 40c will be paid to pharmacists for each prescription processed using PBS Online. This will encourage more pharmacists to join up to PBS Online, creating efficiencies in the administration of the PBS. From 1 August 2008, the fees that pharmacists receive for supplying a PBS medicine will increase. As well, there will be an incentive payment of $1.50 each time a substitute medicine is dispensed which costs the patient no more than the standard copayment.

These initiatives will help to ensure that patients are aware of their right to pay no more than the copayment for their medicines. This should lead to a greater use of medicines where there is no additional patient charge and more efficient eligibility checking and processing of prescriptions by pharmacists.

In conclusion, the previously mentioned measures are key components of a package of measures that comprise reforms to the PBS. They are a necessary step to ensure that the PBS remains sustainable in the future—the very sustainability of what this govern-
ment is about: effective economic management at an economic level and effective economic management of the health system. I commend the bill to the House.

Ms GEORGE (Throsby) (10.24 am)—I am pleased to have the opportunity to speak on the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2007 before us because it relates to issues of major concern to the people I represent in the electorate of Throsby—that is, access and affordability of health services and, specifically, access and affordability of medicines which are essential. As our shadow minister indicated in her contribution this morning, Labor is very committed to the PBS and to strengthening it for the future.

The origins of the PBS date back some 60 years, with the first benefits flowing in June 1948, when the then Labor government decided that penicillin should be made available to all Australians, rich or poor, free of charge. The origins of the scheme had always contemplated social equity outcomes and the principles of accessibility and affordability. There is no doubt that, since the forties, the PBS, as it operates in Australia, has become the envy of many people around the world for its ability to control costs to consumers while at the same time having a workable and predictable system for the industry as a whole. The principles which underlie our PBS are those which say that drugs which are both effective and cost-effective should be made available to all Australians, with a subsidy provided by the government to maintain a measure of affordability. On my understanding and from reading what other people say, it certainly has provided an excellent model for the robust assessment and funding of new medicines. Sometimes we may get a little anxious about the time it takes for the listing of medicines—for example, my colleague Sharon Bird, in the seat of Cunningham, and I ran a very forceful campaign about the listing of Herceptin. We would rather it had been put on the PBS earlier than when it finally was listed, but we do appreciate that there are measures that have to be undertaken to ensure that the analysis is rigorous and that the drugs are provided in a cost-effective manner.

Labor’s approach to the PBS and to the proposed changes outlined in this bill continues to be based on three core principles. The first is ensuring sustainability in economic terms for the long term, and that is particularly important with an ageing population. The second very important principle for communities of the nature I represent is that the drugs required continue to be affordable. As well, we should use the PBS as part of a broader prevention strategy, including the way we manage chronic disease. Our shadow minister addressed that matter in some of her concluding statements on this debate.

Overall, despite any limitations that we might see in the system, Australians do have excellent access to the medicines that they need. And, because there is a robust process for the expert assessment of the cost-effectiveness of new drugs by the Pharmaceutical Benefits Advisory Committee, medicines are ultimately supplied at a price that the government—and through the government, of course, the taxpayers—can afford.

I raise this matter because, in my early years as a member of parliament representing Throsby, it seemed to me that the whole future of our Pharmaceutical Benefits Scheme may have been at serious risk because it was placed on the negotiating table in the free trade agreement between Australia and the United States of America. No doubt at that time the US pharmaceutical companies—which make megabucks of profit from the supply of medicines—would have liked
to have the fundamentals of our PBS taken away so that they could maximise their access to our markets at prices that would have been beyond the reach of many people in our communities. I will just quote a statement made by the US Undersecretary of Commerce, Mr Grant Aldonan, at the time that these negotiations were occurring. He said:

There is a sense of unfairness in the United States about these issues because you as consumers pay higher prices under a free market while consumers in Australia and elsewhere benefit from low-reference pricing under schemes like the PBS.

At that time, the community spoke up in support of the PBS. I think it was community protests about the possibility that the PBS might be undermined that led the government to adopt a much tougher stance towards the end of the negotiations than appeared apparent at the beginning. The facts speak for themselves. I refer to a study conducted by the National Centre for Social and Economic Modelling at about that time. It showed that the Australian PBS overwhelmingly benefited low-income earners and the aged. It showed that the poorest 20 per cent of Australians were getting 41 per cent of the benefits of the then $4.5 billion spent on this scheme. Professor Ann Harding—well known to many of us as a very competent economist—described in that report that the PBS was 'socially just' because in fact it delivered maximum benefits to low-income Australians and also helped those with poorer health who tended to be older Australians. She said:

The study shows clearly it is a very progressive, pro-poor scheme and it is on the basis that I think the PBS continues to enjoy bipartisan support and the confidence of the Australian community.

As I indicated earlier, at the time the free trade negotiations were occurring, there was a sense in which those very foundations of a very progressive 'pro-poor scheme', as Ann Harding described it, could be at risk. Had it been at risk at the time, let us have a look at a couple of examples of negative consequences. The Australia Institute—a well-known research and advocacy body—undertook comprehensive research which compared the prices of the most common drugs in the United States and Australia. The study found that the wholesale prices of the 10 most commonly prescribed drugs were from at least 74 per cent to a massive 306 per cent more expensive in the United States than in Australia.

If you look at the drug Celebrex, which is taken by a lot of Australians to treat arthritis, you will see that the wholesale price in Australia at that time was $24.97 compared to a massive $101.48 in the United States—that is, a 306 per cent increase in the US price over our price. The very common drug Ventolin, which many asthmatics use, costs $11.47 wholesale in Australia while in America that same drug costs $42.90—that is, a 274 per cent price differential. It is great that at the conclusion of those negotiations the foundations of the PBS remained in place, although analysis of those negotiations did point to some loopholes that were still potentially capable of being exploited in terms of the evergreening provisions.

Labor have no difficulty in continuing to assert our support for the PBS. We have no difficulty in saying we want to ensure its economic sustainability but we want to do it in a way in which needed drugs continue to be affordable and accessible to the people we represent. In that regard, I have to say that I think the government does not have a great record with respect to the management of the PBS. Since 1996, expenditure on the PBS has fluctuated considerably. The government has failed to manage the growth in PBS expenditure. In 2005, we saw the government implementing increases in the copayments that patients are required to pay when they have their prescriptions filled.
It is interesting to note that, as a result of those increases in copayments, three million fewer PBS scripts were filled in 2005-06 compared to the previous financial year. It is impossible to know with any certainty whether this reduction in the number of scripts filled was the outcome of a sensible saving measure or indeed, as I suspect, the outcome of the fact that more and more Australians, particularly pensioners and low-income earners, were forgoing their medication because of cost imposts.

Last year we also saw the Minister for Health and Ageing approve special price increases for a range of commonly prescribed PBS medicines, including treatments for reflux, ulcers and blood pressure and for commonly prescribed antibiotics. Once again, patients were forced to pay more because the Howard government was unable to deliver on the implementation of its 12.5 per cent generic price cut policy. So past experience leads me to feel somewhat anxious about whether and how the cost savings that flow from this bill will be affected. At the beginning of every year, many constituents complain to me about the ever-increasing costs of prescription medicines and changes to the safety net provisions. At the start of this year, when the standard patient charge for prescription medicines rose by $1.20 to $30.70 and costs for concession card holders rose to $4.90, people contacted my office saying that, particularly if they are a low-income family with children, $30.70 per script—when in winter two or three children might come down with the same illness, as well as mum and dad—has a substantial impact on their disposable incomes.

So not only did the cost of filling prescriptions rise but also we saw the safety net provisions increase. The concessional rate for prescription drugs rose so it could only be obtained if families spent in the order of $960 in the year. For pensioners, the cap rose to $274. Each year we face endless cost rises, which strike at the heart of the issue of affordability and accessibility. That is bad enough, even though we assume that at the start of the year these charges will increase. What I saw happening in my electorate—and I presume other members have had complaints from their constituents—is that, on top of these increases in the cost of prescription medicines and in the safety net thresholds, hidden surcharges were applied to many common medicines as a result of the government’s inability to deliver price outcomes with the pharmaceutical companies. We were told that, when a cheaper generic drug entered the market, the government was automatically going to slash the price of rival medications by 12.5 per cent. If the drug company refused to price-cut—which is obviously what was occurring—it is the people I represent who pay the difference. Let me take you to a couple of examples that were brought to my attention. Medicines that had a surcharge applied are fairly common medicines. They included Zantac, for reflux and ulcers, for which the hidden surcharge was $4.18. For Tritace, a medicine for blood pressure, the surcharge was $3.25. For Zoton, prescribed for reflux, it was $3.63. For Amoxycillin, the antibiotic, it was $0.58.

It is the fear of the unknown as we go down the route of the amendments to this bill that causes me some concern. Forcing price reductions and trying to establish proper benchmarks in a competitive environment is all well and good, and it helps to ensure the sustainability of the PBS, but we have to ask the question: who is going to bear the costs? If the companies bear the costs, well and good, but if the ordinary citizen has to bear the cost, then that would cause the people on this side of the chamber some concern. I again point to the fact that in 2005-06 three million fewer PBS scripts were filled compared to the previous year. One can only
speculate as to the reason for that, but certainly, in terms of the number of people who come to see me, the issue of affordability is becoming a serious matter.

So, in looking at the details of the bill, Labor has no difference with the stated intention of the reform to give Australians continued access to new and expensive medicines while the PBS remains economically sustainable into the future—that is fine as far as it goes. I will not go into the detail, because the shadow minister indicated the specific changes, but provisions cover the creation of formularies for classification of medicines to differentiate between single and branded and generic medicines, the removal of ongoing price links between formularies and the introduction of pricing mechanisms to reduce price to government, including price disclosures for all new brands. They are all welcome reforms. While savings to the government to keep the PBS sustainable are essential, if the savings result in the extra costs being passed on to the consumer, then that would be of great concern to me and the people I represent. The government argues—certainly in the second reading speech when the minister introduced the proposals, and publicly—that the changes will lead to savings of about $3 billion over 10 years, but in looking at the detail of the bill I cannot see the provision that will guarantee that these savings will happen in a manner that does not adversely affect consumers. This is a major flaw in the legislation which I trust will get detailed scrutiny and answers in the Senate.

These PBS reforms are far-reaching and complicated. They are put forward at a time when the rate of growth of the PBS is less than inflation, despite the listing of expensive new products such as Herceptin, which I referred to earlier. They also come at a time when there is growing recognition that many patients go without needed health care and essential medicines because of increasing costs. As well as being mindful of ensuring the sustainability of the PBS into the future, in my view there should be in-depth scrutiny and expert assessment of the health and social costs of the changes encompassed by this bill. In other words, we need more than the bottom line economic indicators of success. We also need to see whether the savings that are going to be affected by the changes to the pricing of medications do not have any deleterious economic and equity outcomes.

With those remarks, let me reiterate what I said at the beginning of my speech, which is that Labor is committed to the PBS. As indicated by the comments of Professor Ann Harding, the PBS has clearly been a very progressive and pro-poor scheme which has served the interests of our nation and our citizens very well. With an ageing population there is the added dimension of economic sustainability, but again I pose the very important consideration that the economic sustainability and the cost savings which are going to be effected should be done in a manner that does not compromise the fundamental principles of the PBS. From the time we provided penicillin free of charge to all, whether they be rich or poor, one of those fundamental principles is the continued access to, and affordability of, essential medications.

Mr Tanner—Hear, hear!

Mr SOMLYAY (Fairfax) (10.43 am)—For nearly 60 years, the Australian government’s Pharmaceutical Benefits Scheme has provided all Australians with reliable and timely access to the medicines they need, at a cost that individuals and the community can afford. Not only has the PBS scheme served Australians well over those 60 years but it has also proved itself to be one of the best drug subsidy systems in the world. We should be proud of that. We should be proud
of this program. It is a scheme that has served Australians well under both Liberal and Labor governments. The problem is not its effectiveness or the benefit it gives all Australians: the problem is its cost. It is a very expensive program. It is an uncapped program, and its cost has been spiralling recently at an increasing rate. This concern about cost is not a new issue. I can remember the debate going on in 1971-72, when I was working as an economist in the health department. The Labor Party, in opposition, were proposing that in government they would buy a drug company and, through price competition, would force down the price of pharmaceuticals in Australia. It was my job to write a report saying why that would not work. Anyway, Labor were elected to government. They promptly took my report, changed the recommendations and went ahead and bought a drug company called Fawnnmac, which was used to try to reduce the price of pharmaceuticals. The Fraser government then came in and used my report to sell the company. So this issue is not new.

Mr Tanner—It’s very flexible.

Mr SOMLYAY—That is right—like our IR system. There are many reasons for this rapid increase in cost. Medical research has provided new equipment, treatments and drugs which have increased our life expectancy. Not only are we living longer but we have better access to specialist health care. There are also more pharmaceuticals available to help us maintain our health and mobility for that extended number of years. We are using more drugs for more years. Another factor in the increasing cost of the PBS is our expectation of ageing well and the fact that we are probably better informed regarding treatments and drugs that are available to keep our bodies working, and working comfortably. Our expectations of active ageing have increased.

I knew an old farmer who spent six years in the ambulance corps of the Army in New Guinea during World War II. His name was Pat and he believed there was little that hot water, Epsom salts, methylated spirits, sulphur or friar’s balsam could not fix. If the situation was looking particularly serious, he might add a nip of brandy. But he seemed to care for family, visitors and stock on his property in much the same way. In his later years, with emphysema and heart failure, Veterans’ Affairs took very good care of Pat, to the extent that he complained that he rattled with all the medication he took to keep his lungs and heart working. Pat was my father-in-law. What I am trying to illustrate is that not only has medical research and the pharmaceutical industry developed enormously in 60 years but so have our expectations of being able to use those developments to extend our life and make it more comfortable. Health is no longer as simplistic and we, as a people, are probably no longer as stoic.

About 80 per cent of prescriptions dispensed in Australia are subsidised under the PBS. That is, you pay $30.70 for most PBS medicines, or $4.90 if you have a concession card, and the Australian government pays the rest—no matter how much that medicine costs. That cost to the PBS is currently around $6 billion per annum. I repeat: the Australian government currently pays about $6 billion per year to subsidise medicines under the PBS. On top of that, every year important new medicines are being listed on the PBS. For instance, since August 2006 more than $1.3 billion has been committed to fund access to new medicines, such as Herceptin for breast cancer and Levemir and Lantus for the management of diabetes. So the number of drugs, the cost of the drugs and the number of prescriptions issued each year are escalating. A wag said the other day, ‘If Moses came down from the mountain
today carrying two tablets he would be wanting to put them both on the PBS.’

The Howard government does not want to change the fundamentals of the PBS. It does not want to endanger the security people have of knowing that, if they do become ill, the PBS will continue to shield them from the real cost of any necessary medication. However, as a responsible government we cannot ignore the spiralling cost of the PBS and must scrutinise the scheme to ensure best value in order to protect its long-term viability.

Over recent years, to ensure the scheme’s future sustainability, the government has introduced a range of measures aimed at containing the cost of medicines under the PBS. These measures include increased patient copayments, efforts to increase price competition through the development of a generic medicines industry in Australia, programs aimed at changing prescribing behaviour and improved monitoring of entitlements and items. With the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2007 we are not trying to limit people’s access to the drugs they need to make them well. We are trying to get the best value for our dollar in shopping for those drugs. We are loving the PBS to death unless we look after it, protect it and sustain it. As it says in the explanatory memorandum to the bill, the purpose of this bill is to position the PBS for the future by changing the way certain drugs are priced after they are listed. It states:

New pricing arrangements contained in the Bill enable the government to capture the benefits of competition where drugs have multiple brands providing the foundation for a sustainable PBS.

We want to ensure supply and, as far as possible, do so without increasing the cost to users of the PBS. To this end, we are changing the way the government price medicines that are operating in a competitive market. While we also want to be fair to our suppliers, we make the point to the pharmaceutical industry that the PBS is a large customer and not simply a milking cow.

The first step of the reformed pricing measures under this bill is to introduce classifications, called formularies, of all medicines under the PBS. There will be two separate formularies—\(F_1\) for single-brand medicines and \(F_2\) for multiple-brand medicines where there is competition. A medicine can only be listed on one formulary and there can be no price links between the two. A medicine will move from \(F_1\) to \(F_2\) when a new brand is listed, thereby introducing competition for that product. The National Health (Pharmaceutical Benefits) Regulations will set down the formularies at the commencement of the legislation on 1 August 2007.

Currently, it is difficult to impose price reductions on multiple-brand medicines even when the government knows that they are being discounted to pharmacies. Classifying medicines into formularies with no price links between them allows the government to reduce the price paid for those medicines operating in a competitive market, while still protecting single-brand medicines from unsustainable price reductions. This means that we want to pay competitive market prices for drugs under the PBS where there is competition, but we do not want to endanger the supply of medicines where there is no alternative supplier.

The government and pharmaceutical stakeholders have worked cooperatively on the development of criteria to determine in which formulary each drug should be placed. \(F_1\) formulary will retain their listed price—
there will be no price reduction for them under this legislation. Giving F1 providers greater certainty helps to ensure the availability of those medicines to patients, without affecting the price of other medicines.

However, F2 formulary—that is, those medicines which have multiple brands operating in a competitive market, and which are interchangeable at the patient level—will have price reductions from 1 August 2008. There will be a price reduction of two per cent a year for three years for medicines where price competition between brands is low—these are referred to as F2A medicines—and there will be a one-off price reduction of 25 per cent for medicines where price competition between brands is high—these are referred to as F2T medicines.

The price disclosure provisions in the bill are to ensure that the price the government pays for a multiple-brand drug more closely reflects the actual price at which that drug is being supplied to pharmacies. Drugs listed on F2 will be subject to new price disclosure requirements that include indirect financial benefits provided to wholesalers and pharmacies, as well as price discounts. Price disclosure will introduce transparency to the pricing arrangements for PBS medicines and allow some of the benefits of market competition to flow back to the PBS.

Under this bill, suppliers listing a new bioequivalent brand of drug on the PBS, as well as suppliers of existing brands of F2 drugs who offer price reductions, will all be required to guarantee the supply of those brands for 24 months, or until another brand of that drug is listed. The reason for this is to deter companies from supplying a medicine without a viable business model to support their long-term participation in the market. Obviously, interruptions to the supply of a prescribed medication impact on patients, doctors and pharmacists.

Nothing in this bill changes the relationship between the PBS and the patient. It is all about ensuring that the amount the government pays for drugs listed on the PBS reflects competitive market prices. It is about ensuring the sustainability of the PBS.

I believe that the PBS is a resource that can be likened to water. Until recently, most of us living in Australian cities turned on our taps without giving too much thought to the scarcity of our water resources. Many of us left taps and hoses running, simply because we were not conscious of the need to conserve water. People generally were not deliberately doing the wrong thing. They were simply doing automatic, routine things without even thinking about the impact of those routine actions on our water supply. A plethora of campaigns has now made us much more aware of this resource when we turn on a tap, and most of us try to use what we need with minimal waste.

With the PBS, as with water, you have to address the two sides—the supply and the use—when trying to protect its sustainability. This bill addresses supply problems by trying to ensure that we purchase the supplies—the medicines—at a competitive market value. At the same time, maybe we need more public education on conserving the PBS through use; on the effect on the PBS of taking more than we need; and on unnecessarily stockpiling medicine supplies. I know it has been done before, but we do forget. As is the case with water, you do not want to endanger anyone, but every little bit helps.

A positive step along these lines is the community education campaign that the Minister for Health and Ageing referred to in his second reading speech. This will be undertaken to ensure that both patients and health professionals are aware of the safety and benefits of generic medicines, which often cost less. All medicines in Australia,
including generic ones, must meet the same high standards of safety and effectiveness. So it makes sense, all else being equal, to use a less expensive brand, because it is helping to maintain the affordability of the PBS into the future. As is the case with water, if we all take small steps to protect the viability of the PBS, we will protect it for the future. I commend the bill to the House.

Mr Hayes (Werriwa) (10.57 am)—Health care and health spending face multiple competing objectives and a vast array of expectations, both realistic and unrealistic. The facts are relatively straightforward. We have an ageing population—a population that has an increasing number of people suffering from chronic conditions, and advances in medical technology, particularly in pharmaceutical treatments, are becoming increasingly expensive. This is the dichotomy that we face, and it is what the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2007 is addressing. If we add to that the expectation of the public, particularly the sick, that modern technology can come up with cures for all sorts of diseases, quite frankly, we have the recipe for a difficult public policy problem, certainly when looking at the economic aspects of balancing that dichotomy.

We have the option of increasing health costs to either government or the consumer—the patient. The worst possible option is to increase the health costs to both government and the consumer. In fairness to the government, it has introduced this bill as part of a package of four interconnected measures announced as reforms to the Pharmaceutical Benefits Scheme. The stated aim of the PBS reform package is to ‘give Australians continued access to new and expensive medicines while ensuring the PBS remains economically sustainable into the future’. They are noble sentiments and, much like the other motherhood statements that we hear from this government, you would like to believe that the government delivers this.

The bill before us amends the National Health Act and deals with the price changes to the PBS. It includes: the creation of formularies for classification of medicines, which is primarily aimed at dividing innovative and generic medicines; the removal of ongoing price links between the formularies; the introduction of pricing mechanisms to reduce price to government through stated price reductions for medicines coding to formulary classification and requirements as to price disclosure for all new brands; principles for the calculation of the weighted average price; and the requirement for suppliers of new brands of medicines listed on the PBS to guarantee supply for a minimum period and imposing penalties for failure to meet this commitment.

The main change in the bill is the creation of formularies for all medications. From 1 August 2007, PBS medicines will be listed on two separate formularies. Formulary 1 will comprise some 450 single-brand medicines. These are generally new, innovative or niche medicines. However, it will not contain single-brand medicines which are interchangeable at the patient level with multiple-brand medicines. Formulary 2 will comprise approximately 230 multiple-brand medicines and any single-brand medicines which are interchangeable with multiple-brand medicines at the patient level. These are generally the generics, the off-patent drugs and different versions of older drugs.

A transitional pricing arrangement will apply to F2 drugs, with two sub-formularies being created. There will be no ongoing price link across medicines listed on the F1 and those in the F2 category. Reference pricing will continue to apply between medicines that are linked within reference pricing groups on formulary 1. The reference price
will continue to apply within the therapeutic group premium—TGP—groups and across different brands of the same medicine listed on formulary 2.

As I mentioned earlier, this bill deals with components of changes to the PBS that were announced in November 2006. These changes are set to come into effect from 1 August of this year. I note that if they are not able to come into operation by that date it will cause serious and substantial cost to the industry itself. The PBS is one of the most remarkable elements of health policy within the developed world. It is a means through which the public can access medicines it needs at affordable prices, while allowing new medicines to be developed and introduced. It is a model that, quite frankly, most of the developed world would love to be able to emulate. There are costs to this. In 1948-49 the PBS cost the federal government a grand total of around $298,000. Some 40 years later, it reached the billion dollar mark. PBS costs have continued to rise. In the 2005-06 period, the government paid just over $6 billion in PBS subsidies. This is expected to reach approximately $6.5 billion by 2006-07.

The cost of the PBS has increased, but it must also be remembered that the PBS has given Australians access to medicines that many would not have had access to had it not been in place. A rise in a budget item of the magnitude of the PBS is going to be a cause for concern of, quite frankly, governments of any persuasion. But the question must be asked: does simply tightening the purse strings make for a better system or does this start to act as a progressive destruction of a system that, while not perfect, is widely considered to be a good one?

The main driver for these changes—these so-called reforms—that the government has set about introducing is the alarmist conclusion that was reached in the first Intergenerational report. The Intergenerational report predicted that the PBS would grow from 0.6 per cent of GDP in 2002 to 3.4 per cent of GDP by the year 2042, a five-fold increase. The Intergenerational report assumed that the growth rate of the PBS would continue but neglected to consider the changes that might occur or factors that might come into play that would reduce the growth in the cost of the PBS system. The government’s reaction to the conclusion drawn in the Intergenerational report has provided the basis on which it has set about reining in the cost of the PBS.

I posed the question earlier: will the simple tightening of the purse strings of the PBS arrive at what Australians really want? I am concerned, and I am sure I am not alone in this, that simply tightening the purse strings may result in the denial of access to new and innovative medicines to Australians. The experience of New Zealand is one that warrants careful consideration. The New Zealand government considered cost at the expense of patients. Medicines Australia reports that, since the turn of the century, Australians have been able to access some 23 innovative new medicines on the PBS, while New Zealanders have gained access to only two. The first Intergenerational report focused a great deal on the cost of the PBS but largely neglected the benefits of early intervention. I note that the recently updated Intergenerational report has scaled back the estimates of the growth in the PBS, but once again it largely ignores the benefits—both social and economic—of proper management of chronic diseases and the benefits of prevention programs.

In examining the multiple dimensions of health care, it is important that we consider the important role of prevention. Medicines funded under the PBS play a vital role in prolonging the activity and working lives of
Australians. Pharmaceutical treatments have the potential to improve productivity and workforce participation and contribute to savings in other areas of the health budget. Responsible spending on the PBS contributes to economic growth and should be seen as an investment, not just a cost. To continue to improve participation in the workforce it will need to be maintained, to enhance the health of our ageing population. Continued access to medicines through the PBS will play a significant role in that aim alone. Increasing the participation rate in our workforce will have a significant impact on the productivity of this country.

Medicines can never be the be-all and end-all of health care. Medical treatments are a support mechanism, but consideration should be given to the benefits of lifestyle factors, such as exercise and diet. Medicines form part of our total health plan, but they are in a support role. They nevertheless play a significant role in ensuring the health of our population, and in doing so they contribute to the productivity of our nation.

We can always do better. We can always manage our healthcare system better, and the way we manage our medications can no doubt improve. By treating symptoms and extending life, medicines improve people’s activity and functions in their daily lives, including their physical, social, emotional and cognitive wellbeing. The economic dimensions of health care—its role in increasing and improving workforce participation and productivity—mean that healthcare spending should also be considered an investment in the social wellbeing of our population. It should not just be considered from a one-dimensional cost perspective alone.

Earlier this year the Productivity Commission released a report that estimated that the benefits to the Australian economy of health promotion and disease prevention could increase GDP by around six per cent. Early intervention programs preventing and treating diseases all contribute to minimising the need for costly treatment after disease becomes established.

This package is structured to bring down the prices of generics and those drugs which were there in competition, and to leave headroom for new and innovative drugs. Labor supports obtaining lower and more realistic prices for generics and rewarding the development of innovative medicines. This support does not come without qualification. I do not want to see a situation emerge where the unilateral consequences are greater cost pressure being imposed on patients. I am concerned that the plans to include an annual mandatory two per cent cut to the price paid by the government for medicines on the PBS, on top of the 12.5 per cent mandatory cut which already exists, could lead to higher health costs for patients obtaining medicines. It is important that a solution does not emerge where the Australian government’s saving comes at the cost of the patient. We need always to be mindful that we do not want to repeat the exercise or the experiences of New Zealand.

In a recent survey in my electorate of Werriwa on the main things impacting on family budgets, the cost of medicines and seeing doctors came in the top three. It stood alongside, and very close to, the increase in mortgage repayments and the increase in petrol prices. So when you talk to local residents in Werriwa—in Minto, Ingleburn, Liverpool, Hoxton Park and other suburbs—you talk to real people out there, real families. And the cost of medicines is certainly something that is very much factored into the weekly budgets of many young families. It is important in every change we make to the PBS and to health care that we keep the consumers of health services—the patients—central in our considerations. This is not passing the buck;
this is not just moving a line item from one to another. Cuts to medicines should not be passed on as costs to be absorbed by local families alone. Simply examining the cost side of health care in isolation is a short-term approach and should be avoided at all costs.

I understand that there are some 2,000 new medicines in the pipeline, developed mainly by private sector organisations, for mental health and for the treatment of a wide range of conditions, including cancers and cardiovascular disease, just to name a few. A survey commissioned by Medicines Australia reported that 92 per cent of respondents agreed:

... subsidising the latest innovative medicines through the PBS so that they are available for all Australians who need them, is a good investment for the nation.

I could not agree with that quote more. The expectation that new medicines will be developed and, more importantly, made available to all Australians at an affordable cost is at the core of the community’s expectations for the management of the healthcare system. My constituents are deeply concerned about what they consider to be the Americanisation of the Australian healthcare system. They hear stories about the 47 million people with no health insurance in the United States, the other 40 million with minimal health care and those who face very real budgetary considerations about whether or not they can afford the treatment they need. They worry about the future of our healthcare system as it applies to their families. Healthcare has always rated near the top of the list of concerns of the Australian public.

The PBS, and access to high-quality medicines at an affordable price, is considered by many to be the cornerstone of Australia’s health system. It is important that we balance the competing tensions around its cost and continued effective operation. Labor’s approach to health care involves the recognition of the broader impacts of high-quality health care and the role that prevention and chronic disease management plays. Health care is not simply about healing the ill but also about always having in place a system where people receive treatment when they need it. Health care is both a cost and an investment in the future. For Labor health care goes hand in hand with our overall economic strategy and what is good for the long-term future of this country. Labor do not intend to treat the PBS in the way that this government has tended to—that is, as simply a line item of expenditure. There is no denying that the PBS needs to be managed wisely so that it continues to play an effective role while also delivering the best value for money for both the government and patients.

Whilst there are some concerns with this bill, which we hope will be fleshed out in the Senate committee process, I am supporting the bill. I am mindful of the fact that in the past when this government has set about the process of health reform it has, unfortunately, meant a diminution of access to services for some of the most vulnerable in our community.

Dr WASHER (Moore) (11.17 am)—The National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2007 proposes a number of amendments to the National Health Act 1953. The bill enacts a series of measures to provide Australians with continued access to new and expensive medicines whilst ensuring the Pharmaceutical Benefits Scheme, the PBS, remains economically sustainable into the future.

For nearly 60 years the PBS has provided affordable access to a wide range of medicines for all Australians. The scheme has proven itself to be one of the best drug subsidy systems in the world and around 80 per
cent of prescriptions dispensed in Australia are subsidised under the PBS. With new and more effective medicines helping us lead longer and healthier lives, the PBS is growing each year. The cost of the PBS is currently around $6 billion per year, and changes need to be implemented to ensure its sustainability. In recent times the Australian government has been paying too much for multiple-brand, off-patent drugs. In order to correct this and protect the price being paid for patented drugs, medicines on the PBS will be separated into two groups, each subject to different pricing arrangements. There will be no price links between the groups, allowing the government to reduce the price paid for medicines operating in a competitive market whilst protecting single-brand and patented medicines from unsustainable price reductions.

From 1 August 2007 PBS medicines will be placed either in formulary 1 and formulary 2 or outside these formularies for certain combination medications. Medicines in the formulary 1, or F1, group include both on-patent and off-patent medicines that cannot be substituted by other brands or medicines. They are single-brand medicines and are not subject to price competition in the market. The amendment bill also allows for co-marketed brands to be included in this group. A pharmaceutical company may release their new patent drug under more than one brand for different consumer groups. However, once the new drug’s patent has expired, other companies may introduce new brands of the drug into the market. When this occurs the brand will then be placed in formulary 2, or F2.

Approximately 450 single-brand medicines, with PBS expenditure of $3.2 billion, will be listed in F1. There will be no mandatory price reductions for these medicines and any existing price linkages will be retained within this group. Medicines that are listed under many brands, and those that are interchangeable at the patient level with a multiple-brand medicine, will be placed in formulary 2. Approximately 230 medicines, with PBS expenditure of around $2.8 billion, will be listed in F2. Statutory price reductions will apply to medicines listed in this group. There is already a 12½ per cent price reduction when a new brand of medicine is listed on the PBS. This mandatory price reduction will continue, along with further reductions.

From 1 August 2008 there will be a price drop of two per cent a year for three years for medicines where price competition between brands is low. These are referred to as F2A medicines. There will be a one-off price drop of 25 per cent for medicines where price competition between brands is high. These are F2T grouped medicines. Separating F2 medicines between those with low competition and those with high competition has been done on the basis of information provided to the department by stakeholder groups involved in the selling and purchasing of medicines. Amoxycillin is an example of a high-competition drug which would be included in F2T. Around 100 drugs, currently costing the PBS around $2 billion a year, would fall into this category.

As mentioned earlier, medicines that are interchangeable at the patient level are included in the F2 pricing structure group. These medicines provide a similar health outcome and may be safely substituted with one another for most patients in most cases. These interchangeable medicines are known as ‘therapeutic groups’. The Pharmaceutical Benefits Advisory Committee, the PBAC, will be required to provide advice to the minister about the formation of any new therapeutic group. This is essential as some drugs may provide similar outcomes as other drugs but are superior in certain circumstances. In this case they should remain in F1 where their price will be protected. Failure to do
this could see companies withdrawing their drug from the PBS due to lack of profitability.

Not all medicines will be listed within F1 or F2 pricing groups. Medicines which are a combination of two or more drugs, at least one of which is on the PBS, will be listed outside these formularies. Generally the pricing of these combination medications will be based on the weighted price of their component medicines. However, the PBAC can advise whether a specific combination medication has advantages over alternative therapies. For example, the specific combination may result in improved compliance, improved efficacy or reduced toxicity. In these cases it may be appropriate for the combination product to receive a higher price than simply the price of its components.

Another major change to be implemented with this bill is price disclosure. Price disclosure will be phased in for medicines that operate in a competitive price environment—that is, those drugs in the F2 pricing group. Companies will be required to disclose the prices at which they actually supply their medicines to wholesalers or pharmacies. This will introduce price transparency, allowing taxpayers, through the government, to pay a fair price in a competitive market environment.

Drugs which are still under patent and are therefore listed in pricing group F1 must retain their pricing confidentiality. It must be remembered that Australia represents one per cent of the global pharmaceutical market. Patents last 20 years from filing and it takes a drug typically around eight to 10 years to reach the market. This gives the pharmaceutical company 10 or so years of exclusivity on the market to recoup costs of development. If we were to publish the cost of these drugs, then the other 99 per cent of the market—that is, Europe, the United States, China, et cetera—would know. The drug may be marketed differently in different countries and would therefore be at a different pricing. It is unlikely that other countries would be happy to pay more for a drug than Australia pays. As a result, pharmaceutical companies would simply stop selling drugs which are under patent to Australia. This has occurred in New Zealand, where they have adopted price disclosure on patented drugs. For Australia to have access to new innovative drugs and to retain pharmaceutical companies and their associated research arms, we must keep patented drug prices confidential.

The bill also includes a guarantee of supply for any new brand listing in the F2 group and for currently listed medicines for which price reductions are offered. From 1 August 2007, companies must guarantee a supply period of 24 months or until a new lower priced brand is listed. Failure to comply with this guarantee will result in penalties, including delisting that brand or other brands from the PBS, or refusing to list new brands of that company. This guarantee will help address some concerns of cheap overseas produced drugs being dumped on the local market. There is also other trade legislation already in place which further deals with the issue of illegal dumping.

Another change being implemented which is worth commenting on is streamlining the way that doctors can access 'authority' approvals for prescribing certain medicines. From 1 July 2007, doctors will be able to authorise the prescriptions they write for around 200 of the 450 PBS items that currently require a pre-approval phone call to Medicare. This will apply to medicines for the treatment of long-term chronic conditions, such as diabetes and osteoporosis, where the patient and the doctor are both very familiar with the condition and medication.
The reform package announced in November last year also established the Access to Medicines Working Group, which had its first meeting in April. This group, which involves the Department of Health and Ageing and Medicines Australia, will provide advice and recommendations relating to the timely and appropriate access to effective new medicines.

This bill and associated reforms introduce necessary changes that ensure that the PBS is sustainable into the future without changing the fundamentals of how it works. There will be no reduction in the range or number of medicines, and patients will continue to pay only the standard copayment contribution. Key industry stakeholders, particularly Medicines Australia, the Pharmacy Guild and the Australian Medical Association, all support these reforms. And, most importantly, the largest stakeholder of all, the Australian public, will benefit the most from these reforms. I commend the bill to the House.

Mr JENKINS (Scullin) (11.27 am)—I rise to speak on the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2007. In doing so I make the comment that, in the debate so far, the importance of the Pharmaceutical Benefits Scheme has been well and truly canvassed. No member from either side of the parliament would have any great problem in agreeing that, as the Pharmaceutical Benefits Scheme has developed, it has become a very important plank in Australia’s healthcare system. Regrettably, when we talk about the Pharmaceutical Benefits Scheme we often do it in isolation from the rest of the health budget. I get a little amused when we hear comments in a debate like this on the need to have a sustainable PBS and, as the member for Cowper asserted, that the measures contained in this bill position the PBS for the future. I think that if we reviewed the different debates about the PBS we would see similar comments made quite often.

I would acknowledge that what is intended by this piece of legislation is a pretty big step—a great departure from the way in which the Pharmaceutical Benefits Scheme has presented drugs on the listings in the past. I do not intend to go into too much detail about the nature of the formularies and the two listings: I think that those very complex matters have been discussed quite sufficiently by others in the debate. I would just reflect that this debate really concerns me because it is very much an insiders’ debate. It is so technical that you really have to have had a great interest in the matters before you to actually understand what is going on.

This government’s policy development in these matters has been characterised by closed-door—though no longer in smoke-filled rooms—discussions with different interest groups. Then finally, when the legislation pops up, there is this opportunity for the Australian public to perhaps peruse it and have some input. I find that just a little disquieting. So I think it is quite proper that the member for Gellibrand, as the shadow minister and lead speaker for the opposition on this piece of legislation, has indicated that we are going to use the Senate processes to pose a number of questions that concern us about the contents of this bill. That should not be churlishly taken by those opposite as some form of attack for attack’s sake on the government. When we confront a change of this dimension it is proper that it not be given a cursory two- or three-hour debate in the House of Representatives—often with members not really being across the fine detail of the proposition—but rather that it be made open to public discussion, such as a Senate committee would provide.

I thought that the member for Moore, with his medical background, gave a very good
overview of what is intended here. I have no dispute with the way he presented the facts and no dispute with the way he presented the comments from the interest groups that are out there in the public domain. But all this arose out of the minister’s announcement back in November 2006 and only came to light again, as this piece of legislation, last week.

The importance of the Pharmaceutical Benefits Scheme can be seen from the fact that it gives access to over 600 medicines, produced in 1,800 forms and marketed as 2,600 separately branded pharmaceuticals. And it does so to make sure that all Australians have access, in equity, to those drugs. The universality of the PBS has been one of the hallmarks of the system. It enables the health professionals—the medics, the pharmacists and all those who are involved in the system—to provide these drugs to patients and to provide the advice that is required to patients. The PBS safety net ensures that the financial burden on those with chronic illnesses is appropriately lessened. Additionally, it ensures that concession health card holders and the like, who might otherwise be impeded by a lack of resources, can access these drugs.

Having said that, in the past I have related my concern at witnessing people lined up in pharmacies having to make decisions about whether they could afford the drugs they needed for the winter colds of four kids, having to juggle the family budget to gain access. This is not a reflection on the government and the other pressures that are on family budgets. But, where an illness is not planned for, families often have to make those decisions and, as many have said in the debate, the purpose of the PBS is to ensure that these drugs are accessible.

I have tried to take an interest in the Pharmaceutical Benefits Scheme for a long time. Listening to the debate, I realised that it had been a long time because today, for the first time, I heard the PBAC—which I take as a spelt-out acronym, P-B-A-C—referred to as ‘pea-back’, a word which I related to a legume returning! I do not know whether that is now the common jargon of this field, but if it is I had missed it until today.

Anyway, I think the PBAC will remain the PBAC—a body which is called upon, on behalf of the Australian public, to play a very important role, not just in the Pharmaceutical Benefits Scheme in isolation but in the whole health system. This is what I want to stress about this debate. It is disappointing that, when we talk about the sustainability of the PBS, we do it in isolation. I note that a number of my colleagues on this side of the House have emphasised that we have to remember that, for the large cost of the PBS—and it is nearly $6 billion a year—there are advantages to other aspects of our health system. Using drugs appropriately, and making sure that new drugs are accessible and used, can be ‘preventive measures’—can mean patients do not require more expensive medical procedures. Perhaps at some stage we should take a collective deep breath, step back and—in the context of the Treasurer’s Intergenerational report and the myriad reports that have come out about the way in which, as our population ages, there are going to be costs on this and that—not just zero in, in health, on the expanding costs of the PBS but look at it in the context of our overall health spend. It may be that we are not looking at the other expanding parts of our health budget where the appropriate use of modern drugs can prevent or lessen expenditure. So I hope that at some stage we will actually see that as a public debate.

My other interest in this debate is that it continues our struggle to get generics well and truly accepted. It is not as if the concept of generics is a new one. I remember that it
was back in the days of Labor government that we first used pricing differences—using generic drugs, out-of-patent drugs—as a lever to lessen the costs in the PBS. And yet now, further down the track—and it is not a criticism; the point is that it is a fact admitted to by the need for this bill—this government has had to go to another level to try to continue to put downward pressure on drug prices, by using, yet again, the advantage that is given by the supply of generic drugs to put pressure on drug patent holders.

That of course is why we are coming up with the formularies—F1 and F2 drugs. It is to try and drive home the message by giving an advantage to the Australian public through taxes and through accessibility to lower price drugs if they choose not to take the least costly generic alternative and want to stick with the main brand. One of the original difficulties is in trying to convince the public that a generic drug is the same as a drug that has come out of patent. People do not simply take this on trust. I note that the government is going to devote resources to ensuring that people have more information so that they can be properly informed and have a great deal of confidence when they choose to use generic drugs.

In respect of generic drugs, a piece of jargon that has been important in the past is ‘bioequivalence’. What bioequivalence means is that, when patients use a generic drug—in which the active substance is packaged together with different binders, in different shapes and using different dyes to give it different colours—they get an equivalent outcome. I use the word ‘equivalent’ because it is important for the points I want to go to. When you use jargon like ‘bioequivalent’, people say: ‘Wait a minute, what’s at the edges here? Can we be confident?’ Over the last decade or so, we have had an argument about making sure that people can be confident about using drugs on the basis that they are bioequivalent.

Here is a definition of ‘bioequivalent’ that I found on the internet: ‘The condition in which different formulations of the same drug or chemical are equally absorbed when taken into the body.’ That is not a bad definition—it is much better than the one I fumbled with—and that is what we are looking for. When a drug comes out of patent it is important to get generic drugs on the market.

I note that one of the sets of amendments which have been circulated by the government will add to different parts of the legislation the word ‘biosimilar’. For example:

Schedule 1, item 34, page 12 (line 13), after “bioequivalent”, insert “or biosimilar”.

That comes as a bit of a surprise to me, because today is not only the first day I have heard of PBAC pronounced as ‘pea-back’; it is also the first time I have come across the notion of ‘biosimilar’. In the short time during which I have been trying to research this, I have not reassured myself that I really understand what this is. I think I understand it enough to know that it is part of a global discussion in the pharmaceutical industry and it is something that we need to get our heads around. I note that nobody on the government side has mentioned it—many of their contributions were on the basis of ‘bioequivalence’. I am not taking a shot at them, but, when the minister wraps up the second reading debate or when he moves these amendments during consideration in detail, we need to have a very full discussion of this concept, because it adds a new dimension to the way in which drugs will be adjudged.

In work done in the European Commission and in the US administration, there have been a number of interesting discussions about what is really meant by the term ‘biosimilar’, which is a different concept from ‘bioequivalent’. We ought to be careful
that we are not looking at things that are interchangeable—and that will take some getting used to. At this early stage, I do not want to be part of a process that would cloud people’s confidence about using drugs that are listed on the basis of being biosimilar. I do not want to be seen to be creating tension in terms of people being satisfied that they can use these sorts of drugs. Again, trawling through the internet would indicate that this term has been around for several years, but only recently is it getting greater currency as a medico-legal term. Drugs of this type have been approved under the European Commission. This suggests that these classes of drugs arise out of biotechnological processes. I do not know why there is such a great departure from what has happened in the past. Is it that different processes are going to be used to create a generic drug once the original drug is off patent? If so, why do we have to move to the use of a new terminology and not still use the bioequivalence argument, which is really about the way a person reacts to the drug in a clinical situation?

It does worry me that there will have to be a full explanation, when one of the sources that I have—World Wide Words—that is trying to define biosimilars says:

Biosimilars are closely related to the brand of drugs that they’re designed to replace but they’re not necessarily identical—hence the name.

This goes back to that type of insider debate that I think we are having about the PBS, about therapeutic groupings and the like. Members like the member for Moore have the great advantage of being involved in the prescribing of drugs and being able to get their heads around this issue, unlike those of us who are here as representatives of the people and who do not have a detailed knowledge of pharmacology and the like. As we will be bridges to the community in ensuring that people can have confidence when these types of drugs are listed, we need a fuller explanation of what these issues are about. I am just a little concerned—and I apologise if I have got the wrong handle on this—that this new concept is to be tacked onto the bill by way of additional government amendments at the consideration in detail stage. In the global environment, because this is a new concept in the legal sense—perhaps not in the pharmaceutical industry sense—we need to get our heads around it.

I think we have agreement that what is intended by this bill is worth going forward with. The member for Gellibrand and others have outlined the provisos that the opposition have and these can be fully covered by a proper process in the Senate. That is not to say that the thing that is imagined in this package cannot be successful. I will try not to be too alarmist by saying that, if you have the starting point that Medicines Australia appear to have come up with this idea, we should jump to the conclusion that it is wrong—they have an important role to play.

Throughout the years of the Hawke and Keating governments there was a realisation by the Labor Party that, if we wanted the public to have access to these really important drugs, we had to have the pharmaceutical industry onside. And there has to be a balance between the impost on the consolidated revenue and the proper reward for these drug companies when they are moving forward. It seems simple when you say it that way, but these are multinational and transnational conglomerates who can get higher prices in overseas markets. We have been very successful in putting a lid on their prices and we are trying to screw them down even more, but at the same time we want them to continue. So, with those provisos, I support this legislation. (Time expired)

Mr TICEHURST (Dobell) (11.48 am)—The National Health Amendment (Pharma-
The Pharmaceutical Benefits Scheme (PBS) Bill 2007 proposes a number of amendments to the National Health Act 1953 to provide Australians with continued access to new and expensive medicines while ensuring the Pharmaceutical Benefits Scheme remains economically sustainable into the future. The Pharmaceutical Benefits Scheme provides Australians with access to a diverse range of medicines, allowing choice between different medicines for patients and doctors at an affordable price for individuals as well as for the community. Patients who use medicines listed in the PBS are only required to pay a standard co-contribution payment, with the Australian government subsidising the rest of the cost associated with supplying and purchasing the medicine. This is an important scheme as it greatly benefits many Australians who, without it, would be unable to afford many of the treatments which are offered, some at discounted prices, leading to a lower quality of life for patients. In 2005-06 the Australian government paid just over $6 billion to subsidise around 170 million prescriptions. That averages out at about eight scripts for every person in Australia.

The proposed amendments to the PBS have been brought about by an increasing incidence of the government paying too much for many medicines where there is a competitive market operating. In the next 10 years over 100 patents for medicines that are part of the PBS will expire, providing us with the opportunity to make some positive changes and allowing us to secure the future of the PBS. Restructuring the pricing arrangements will ensure the government pays reasonable prices for medicines without increasing the costs to patients and taxpayers.

One of the main changes proposed in this bill is the separation of PBS medicines into two formularies—F1 and F2—each with different pricing arrangements. Medicines where there is only a single brand listed will be referred to as F1. It will contain both on-patent and off-patent medicines that are not substitutable with other brands or medicines. With this formulary, there will be no mandatory price reductions, and existing price linkages will be retained within this group. This means that single-brand medicines will retain their higher prices until they become subject to competition, providing companies with a greater certainty about the prices of these medicines. This allows the Australian government to ensure these medicines remain subsidised by the PBS, hence continuing their availability at affordable prices. Medicines where there are brands listed and groups of medicines that are interchangeable between patients will be referred to as F2.

There is already the requirement for a 12½ per cent price reduction when the first new brand of a medicine is listed on the PBS. This amendment bill proposes to further reduce these prices as more brands of the same medication subsequently become available. These additional reductions will reduce the price that the government pays for medicines that are subject to competition between suppliers whilst ensuring that patients will not pay more for them. Under these new pricing structures, patients will remain largely unaffected, as they will only be required to continue paying the mandatory co-contribution payment. This is currently $4.90 for concessional patients or $29.50 for general patients. This is highly beneficial to patients, as the price restructuring has the potential to increase the savings for patients who use the F2 medicines and over time the cost of their medication may reduce to a price below the general copayment.

Another major benefit to patients as a result of these proposed amendments is that it is less likely that additional patient charges will be added or that medicines will be withdrawn from the PBS in the future. The proposed amendments also aim to address the
pricing of combination medicines that are made up of multiple medicinal components. Currently, the PBS system pays no more for combination products than it does for medicinal component parts. However, sometimes a combination medicine may have some advantage over alternative therapies or may fulfill multiple medicinal purposes. In those cases, it may be more appropriate for the combination product to receive a higher price than that of its components, as it performs more functions than the one component on its own.

These proposed changes also allow for the Pharmaceutical Benefits Advisory Committee to advise whether a specific combination product has advantages over alternative therapies, which the minister may take into consideration when deciding on the price. The proposed amendment will allow for any price change of a component, due to price disclosure, to flow on to any combination product that contains that component. This is an improvement on the previous inconsistent pricing structure of combination medicines, where any price change of a component, due to price disclosure, would not flow on to any combination product which contained that component. The usual pricing rules for combination products will still apply. Also, a combination medicine will be priced according to the weighted price of its components. This amendment to the pricing of combination products will ensure that they are reasonably priced and reflective of their components, as well as their therapeutic advantages, providing added assurance to patients of value for money.

Concerns of industry groups regarding the ability of the minister to make decisions regarding therapeutic groups have also been addressed in this amendment bill. Therapeutic groups are medicines which are considered interchangeable because they provide a similar health outcome and, in the majority of instances, can be safely substituted for each other for most patients. One of the provisions in the PBS amendment bill is the requirement that the PBAC provide advice about the formation of new therapeutic groups. This advice, however, will not be binding, allowing the minister to retain a large amount of discretion.

The Department of Health and Ageing, in conjunction with Medicines Australia, have also formed a working group to discuss ways in which Australians can be assured of continued access to new medicines. This working group will consider issues relating to the evidentiary requirements for submissions to the PBAC, as well as ways in which to streamline the process of listing medicines on the PBS. In addition, the amendment bill aims to introduce a system of compulsory price disclosure for companies listing new brands of medicines in the F2 category on the PBS. They will be required to disclose the prices at which they actually supply their medicines to wholesalers or pharmacies, whilst other companies which have brands of that medicine already listed on the PBS may voluntarily participate in disclosure; but, once they elect to do so, they may not revoke their decision.

This is a big advantage as it will increase the ability of the minister to more accurately determine, in accordance with the regulations, the weighted average disclosed price of a medicine. If the difference between the current price and the weighted average disclosed price is 10 per cent or more, the price of the medicine will be reduced to that disclosed price. This is a huge benefit to patients, as it ensures that the price they are paying for medication is a true reflection of the actual cost of the medication, reducing the instances of high mark-up of products.

A company failing to comply with price disclosure requirements will be deemed as
committing a criminal offence, with a penalty of $33,000 for corporations. In addition, the minister may also delist that company’s brand, or its other brands, from the PBS or may refuse to list new brands of that company. In deciding to take these actions, the minister may take into account a range of factors, such as the number of times the company did not comply with price disclosure requirements and the reasons for noncompliance. Furthermore, any new brand listing on F2, plus any brand of medicine on the F2 list that offers a price reduction, will be required to have a guarantee as to supply of that medicine.

This will guarantee the supply of all new brands listed on the PBS from 1 August 2007 and the already listed medicines for which price reductions are offered to all patients who require these medications. This will significantly help patients on these medications, as the guarantee of supply period will be 24 months, or until another new brand is listed, or a further price reduction is offered for another already listed medicine. Any company which believes that it will be unable to supply, or has failed to supply, will be required to notify the minister. A criminal penalty will apply for failure to notify the minister. There is also a $33,000 fine for a corporation.

Companies which fail to supply or which are unable to supply may have that brand or other brands on the PBS delisted or they may be refused the listing of new brands. These tough measures introduced with respect to noncompliance with the new price disclosure and supply guarantee measures are another advantage for patients, as they aim to ensure that companies adhere to their commitments. Patients have a right to know that the prices that they are paying for their medications are truly reflective of manufacturing costs. They also have a right to have a continual, guaranteed supply of medications available to them.

Patients do not need the added stress of costs often incurred by having to change their medications because they are too expensive or unavailable. These reforms aim to further ensure patients’ quality of life by increasing the accountability and compliance of companies which supply the medication.

Pharmacists will also greatly benefit from the proposed reforms. From 1 July 2007, pharmacists will receive 40c for each prescription that they process using the PBS Online system. This will encourage more pharmacists to use PBS Online, which will increase efficiencies in the administration of the PBS, also benefiting customers through faster processing and delivery of their medications. Pharmacists will also receive an incentive of $1.50 each time they dispense a substitute medicine that costs the patient no more than the standard copayment. These initiatives will help to ensure that patients are aware of their right to pay no more than the copayment for their medicines. They should also increase the use of medicines where there is no patent charge, through more effective and efficient eligibility checking and processing of prescriptions by pharmacists.

Doctors too will benefit from the amendment bill. As from 1 July 2007, they will be able to authorise prescriptions for approximately 200 of the 450 PBS medications without having to gain pre-approval from Medicare Australia via a phone call. This will significantly benefit the 70 per cent of patients whose scripts currently require an authority approval from Medicare and will mean that doctors will be making about 30 per cent fewer calls to Medicare to obtain pre-approval. This will reduce the unnecessary administrative burden on doctors so that they can focus more on their patients’ health needs.

The proposed amendments aim to further protect patients from higher out-of-pocket
costs by getting better value from market competition among brands of generic medicines. The fundamentals of the PBS will not change, with patients continuing to meet only the standard copayment and in most cases paying less. The main changes will be in the way the government prices medicines when operating in a competitive market, reducing red tape for pharmacists and doctors to benefit all Australians. I commend the bill to the House.

Ms GRIERSON (Newcastle) (12.00 pm)—I rise today to speak on the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2007. It is always important to restate and acknowledge that the PBS is a Labor initiative. The PBS was established almost 60 years ago when the government of the day decided that penicillin—a wonder drug, as we now know—should be made available free of charge to all Australians, regardless of where they lived or how much they earned. For 60 years the PBS has, in its many forms, tried to ensure affordable access for all Australians to essential medications.

Labor has always tested the PBS against outcomes for consumers in terms of price and the sustainability of the overall system, ensuring Australians have affordable access to the drugs which deliver the best health outcomes. Labor’s approach to the PBS and to the proposed changes is based on three core principles, which we test this bill against: ensuring sustainability in the long term; ensuring patients can afford the drugs they need; and ensuring that we utilise the PBS as part of broader preventative strategies, including the best possible management of chronic disease and prevention of disease. Regrettably, this bill does not deal with this third principle. The government’s approach has been one of bandaids and election grab bags of one-off handouts rather than a holistic approach to ensuring that the health needs of Australians are met, in full cooperation with state governments. Australians as health consumers, no matter where they live, test quality of life against their health care—access to health services and their overall health and wellbeing. Until we see the PBS delivering in a holistic way for the health needs of this country, we would always find the government’s approach regrettable.

Labor remain concerned that this package will not pass the test of affordability for patients and will not pass on enough savings to consumers. I will return to this aspect of the bill in more detail later. The bill is one of four interconnected measures in the government’s announced reform of the PBS. The government’s stated aim of these reforms is to ‘give Australians continued access to new and expensive medicines while ensuring the PBS remains economically sustainable into the future’. That is perhaps the most bipartisan approach, which we have always supported with the PBS. It is essential that the PBS is managed well, that government costs are managed efficiently and that the cost-benefit analysis is done in an independent way, particularly when assessing drugs to go on the PBS. That is something we give full, bipartisan support to.

Labor will always support changes that are aimed at increasing competition, rewarding innovation and maintaining access to medications for all Australians, and this bill contains some measures to support those aims. We would also say to the government, ‘Let’s match that with a really concerted effort on research and on support for innovation through the education and health portfolios.’ That would have to be acknowledged as an area where we do not see enough effort from this government. Also, we are concerned that this new bill does not provide any further protection for consumers. Lack of protection for consumers remains a real issue of concern for Labor.
The bill amends the National Health Act and deals with changes to the structure and pricing of PBS listed medicines and includes the creation of formularies for classification of medicines, primarily in dividing innovative and generic medicines; removal of ongoing price links between formularies; the introduction of pricing mechanisms to reduce the cost to government; staged price reductions for medicines according to formulary classification and requirements as to price disclosure for all new brands; principles for the calculation of the weighted average price; and requirements for suppliers of new brands of medicines listing on the PBS to guarantee supply for a minimum period and imposing penalties for failure to meet this commitment. If you think that sounds complex, it is. These are very complex reforms and measures. That is one of the reasons why this bill definitely requires closer scrutiny by a Senate committee.

Regrettably, the Howard government has a poor record with respect to the management of the PBS. Since 1996, under the Howard government expenditure on the PBS has fluctuated considerably. Because it failed to manage the growth in PBS expenditure, in 2005 the government implemented increases in the copayments that patients are required to pay when they have their prescriptions filled. We now know that the one-off increase in patient copayment resulted in three million fewer PBS prescriptions being filled in 2005-06 compared to the previous financial year. It is absolutely clear that more and more Australians, particularly pensioners, are forgoing their medication because of cost. For members of parliament in their electorates, it is both alarming and terribly sad to hear a constituent say, ‘It’s okay, I’m halving my dosage of that drug so I can continue to take it.’ We should all be aghast at the implications for health care of those sorts of strategies, which go to the heart of questions about cost and affordability.

We know that families which may have two or three children suffering asthma or another chronic illness sometimes have to make choices—choices about who will have medication and who will not, about which prescriptions can be afforded. I hear too often from GPs in our Hunter Urban Division of General Practice that many patients do go to the doctor, but that is the end of it—they do not then go and fill the prescription recommended; they just hope they will get better. That is a terrible public health outcome.

Researchers with the National Centre for Social and Economic Modelling examined the distributional impact of the PBS on different groups in Australian society. Based on data from 2001-02, their report found:

The PBS is highly progressive, with PBS benefits declining from six per cent of the disposable income of the poorest 20 per cent of Australians to 0.3 per cent of the income of the most affluent 20 per cent ... as a result; two-fifths of PBS outlays were directed at the poorest one-fifth of Australians.

That would be a desirable outcome. The study also found that older Australians receive far greater benefits from the PBS than younger Australians, and that women receive higher benefits on average than men. It is the highly progressive nature of the PBS that is increasingly threatened by the Howard government’s mismanagement. Its highly progressive nature ensures that the people who need it most, the elderly, the chronically ill and the poor, and particularly people who find it hard to afford medication and health care, benefit the most. That is a marvellous feature of the PBS and one that should never be compromised. Last year we saw the health minister approve special price increases for a range of commonly prescribed PBS medicines, including treatments for reflux and ulcers, blood pressure and a com-
monly prescribed antibiotic. Once again, patients were forced to pay more because the Howard government was unable to deliver on the implementation of its 12.5 per cent generic price cut policy, a policy that did not deliver intended benefits to people. The bungling and mismanagement around this policy is a worrying sign of how the government will deliver on the proposed changes within this bill. Instead of using the PBS as the scapegoat for rising health costs, as we saw in the Intergenerational report, the government should really do some serious work on the social and economic benefits of the PBS and preventative health measures.

The government claim that this bill will deliver massive savings—$3 billion—but they are hiding behind the general idea of ‘savings’ without explaining that the savings are to government and not to the consumers or that they might, in the worst-case scenario, be at the expense of the consumer. So it may be a case of cost-shifting to consumers. The government have also failed to clarify where their supposed savings of $3 billion over 10 years will come from; neither do we see a commitment that those savings will go into health care, nor do we see a commitment that those savings will go into health care. Labor will insist that this bill go to a Senate committee so that this issue and other matters of concern to Labor can be examined in detail. Labor will also reserve our right to move amendments if we cannot be assured that some of our concerns are properly addressed in this bill.

The bill comprises one component of four interconnected measures. Unfortunately, it does not include measures aimed at restricting or minimising the price to consumers. There is no consumer protection to be found in this legislation. The central change in the bill is the creation of formularies for all medications. From 1 August 2007, PBS medicines will be listed on two separate formularies: formulary 1, or Fl, will comprise approximately 450 single-brand medicines. However, it will not contain single-brand medicines which are interchangeable at the patient level with multiple-brand medicines. I have read some background briefs, and when you are looking at categorising drugs by their molecules and by their replacement brands it is a rather difficult bill to understand completely. Formulary 2, or F2, will comprise approximately 230 multiple-brand medicines and any single-brand medicines which are interchangeable with multiple-brand medicines at the patient level. These are generally generics, off-patent drugs and different versions of older drugs. A transitional pricing arrangement will apply to F2, with two subformularies being created.

There will be no ongoing price links across medicines listed on Fl and those listed on F2. Reference pricing will continue to apply between medicines that are linked within reference pricing groups on Fl. Reference pricing will continue to apply within therapeutic group premium groups and across different brands of the same medicine listed on F2.

Over various stages in the coming years, medicines listed on F2 will be subject to mandatory price reductions and will move to a system of price disclosure where the price that the government pays will reflect more closely the actual price at which the medicine is being sold into the market. Weighted averages will be used to ensure that prices continue to drop when there are new market entrants in a competitive field—complex mechanisms are designed to ensure that the markets cannot be manipulated at the government’s expense. Finally, the legislation will protect supply by requiring the suppliers of new brands of medicines listing on the PBS to guarantee to supply for a minimum period and imposing penalties if they fail to meet this commitment. This provision is needed to ensure that fly-by-night manufacturers do not set up just to drive down prices.
and drive out competitors, then abandon the market.

Some excellent work around these reforms has been done by academics. One in particular, whom I would like to quote, is Andrew Searles, from the University of Newcastle, who has undertaken postgraduate research. His view is that the reforms are overly complex. I would have to agree with him. I am sure that there are people who can analyse it a lot better than we can, but his view is that the complexity conceals the impact of these new formularies, particularly their impact on reference pricing. There is a risk, then, that the changes will lead to higher prices for Australians paying for medicines. He also points out that F1 will not be subject to mandatory price cuts and, most importantly, that reference pricing in this formulary will be reduced from that which previously existed. While reference pricing will still apply within F1, medicines in F1 will not be reference priced to those in F2, which we have spoken of, even if they provide medical health outcomes. It is Mr Searles’s belief that this would be likely to lead to prices for medicines in F1 that are higher than would have prevailed before the reforms, and that would make that group of medicines more expensive. That needs to be looked at very closely by a Senate inquiry.

Again, when we analyse the F2 formularies, which will be subject to mandatory price cuts, we find that much will depend on whether the medicines are listed in certain subcategories, F2A or F2T. Despite those initiatives, there is a risk that generic prices will not fall to the levels paid by New Zealand, for example. One of the reasons is that if there is not a competitive market, if there are not enough competitors in the generic drug-producing market, you will not see true competition and you will not see prices fall as we would all hope. It is true to say that these reforms do encourage the wider use of generic medicines in Australia—and that is a very worthwhile inclusion—but only as long as the generic pricing market is competitive enough to get those prices down. The reforms also create a stakeholder reference group, but the group does not include consumers or patients, and it certainly does not include taxpayers. Consumer groups were included at a later stage, but initially they were not involved in the discussions.

I share the concerns listed by people such as Andrew Searles. I put on the record the very real danger that these reforms will not result in improved affordability of medicines for Australian patients. Andrew Searles has argued in his paper that reference pricing between drugs that provide identical health outcomes will be broken. He acknowledges that drugs within F1 with the same therapeutic uses will still be reference priced, but as the comparator changes there is uncertainty as to what this will mean in terms of price. So the creation of formulary 1 may well result in higher medicine prices.

There are a great number of issues in this legislation that need to be considered. There has been discussion by academics and commentators that, since the signing of the FTA with America, we have seen some differences in the pharmaceutical market and that those differences build up and perhaps impact on the pricing of drugs generally and on the price the Australian government pays. Any policy that is introduced by the government regarding the PBS will undoubtedly involve some tension between meeting industry needs, meeting government’s costing needs and providing affordable medicines to Australians. It is important that we ensure this legislation goes before a Senate committee so it can be measured against those goals. Is this the most cost-effective way for government to ensure the PBS is efficient and can be sustained over time to deliver those goals of affordable medicines to all Austra-
ians? Is it arranged in a way that promotes competition in the pharmaceutical industry? Is it arranged in a way that rewards innovation in new drugs and entrepreneurship? Does it protect the independence of the Pharmaceutical Benefits Advisory Committee? One would always hope that it would.

I note the recent commentary on the government’s shift of PBAC to a full cost-recovery model. The PBAC have always taken their advisory role very seriously and have been very professional in ensuring that the drugs that are absolutely essential and have been rigorously assessed are placed on the PBS. They do it independently—and we would hope they would always do it independently—without fear or favour of government intervention. Therefore, giving them financial autonomy, rather than financial dependence, would be essential. If they have to operate on a full cost-recovery basis they will be at risk of compromising their decisions and their outcomes and that would be unfortunate.

In conclusion, it is important that this set of reforms be looked at by a Senate committee. It is regrettable that the process will be very short and that very little time has been allocated, but to get it right it is worthy of further scrutiny and input from interested Australian academics, consumer groups, advocacy groups and, of course, the pharmaceutical industry. I support the bill but note that the shadow minister, the member for Gellibrand, Nicola Roxon, has reserved her right to move amendments to the bill pursuant to the outcome of the Senate inquiry.

**Mrs MOYLAN (Pearce) (12.20 pm)**—It is a wonderful opportunity to speak to the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2007 because clearly medications have moved ahead in recent times; prescription medication saves the lives of thousands of people and indeed improves the quality of life of many Australians. The member for Newcastle was right when she said that this is complicated—it is—and there are tensions to be managed. But I think the government has struck a good balance between managing those tensions and trying to deal with the complications of such a bill.

As the scope of medications continues to widen and the price of some medications is well beyond what is paid by the consumer, the government or taxpayer meets the ever-increasing difference between what that medication actually costs and the cost to the patient. This bill seeks to change the pricing arrangements for medicines to ensure that the government receives better value for money for multiple-brand medicines without increasing the costs for patients and making sure that taxpayers get value for money in the dispensing of medicines.

These measures will ensure that the Pharmaceutical Benefits Scheme remains economically sustainable while ensuring that more Australians will have access to new and sometimes very expensive medications. Often the high cost of medications is not due to the price of manufacture but rather the arduous task of developing and testing drugs prior to manufacture and sale. This development process can take years before drugs go through a barrage of tests prior to government agencies declaring them safe for public consumption.

The Pharmaceutical Benefits Scheme provides a great service to the public by ensuring that access to a wide range of medicines is available. By effectively managing the scheme, the government will continue to support the listing of new and cost-effective medicines. Patients meet only the standard copayment of $4.90 for concessional patients and $30.70 for general patients. In some cases patients may pay less. The Pharmacy
Guild has estimated that 400 brands will fall into this category.

The copayment is a responsible policy that encourages people to use medication as prescribed and to discourage the stockpiling of medications. There would not be a medicine cupboard in the country that does not have one or two bottles of unused prescription pills. At the same time the government has recognised the hardship that some people with chronic illness can experience due to the very high cost of daily pharmaceuticals and has provided a safety net for them—and quite rightly so. No-one ever knows when they are going to be in that situation. I think it is important, in a country like Australia, that we do make provision for people who have chronic illnesses and for whom medical and treatment costs are very high.

The Pharmaceutical Benefits Scheme will continue to provide a safety net, to make sure that medications are affordable for patients with high-use requirements. Medicines will continue to be dispensed to the public through community pharmacies, which I think is a very positive thing, but with a greater degree of transparency about the level of pharmacy remuneration, ultimately resulting in better use of government expenditure on medications.

The government announced in November 2006 that it would carry out a reform of the scheme to ensure good value for money, and this bill gives effect to that policy announcement. Since the announcement there have been a series of discussions with the relevant industries and industry representative organisations, including the Pharmacy Guild, Medicines Australia and the Australian Medical Association. These key stakeholders and others have indicated their general support for these reforms.

A structural adjustment package will be provided for pharmacy and pharmaceutical wholesalers through amendments to the community pharmacy agreement, including support for online claiming and incentives to dispense medicines that do not have additional patient charges.

The measures also include a method of streamlining the manner in which doctors can access ‘authority’ approvals for prescribing certain medicines. This has been raised with me by GPs in my electorate as I have done my rounds. They feel they spend far too much time on this process. This will reduce the red tape and allow doctors to get on with the business of looking after their patients—the business of doctoring.

The capacity for government to continue to fund new life-saving and life-enhancing medications well into the future relies on good management of the scheme and on managing those tensions that the member for Newcastle referred to. Having established the Parliamentary Diabetes Support Group in 2000, I have worked, along with my colleagues the member for Lyons, the member for Moore and other members, including Senator Barnett, to encourage the listing of appropriate and important new medications for those with type 1 and type 2 diabetes. Over that time we have seen a number of products come onto the market which improve both the quality of life for many people with diabetes and mortality rates.

Long-acting insulin, for example, helps people who are prone to hypos or blood glucose levels dropping dangerously low during the night when they are at rest and at risk of falling into a coma. These drugs have been particularly welcomed by parents of children with type 1 diabetes. You can imagine how concerning it is if they do not pick this up during the night by testing—and some families do that during the night—as the child may be in a coma by morning. So this was a very important listing. If we do not manage
the Pharmaceutical Benefits Scheme properly and carefully, it could prevent some other medications from becoming available. As I said, I know that for many diabetics the listing of this medication on the PBS has been very welcome. We need to continue to carefully manage our resources.

Type 2 diabetes now affects 246 million people worldwide, and the numbers are growing very rapidly. For all those who are diagnosed, it is estimated that almost an equal number remain undiagnosed. Apart from the known drugs such as insulin— including, of course, the long-acting insulin—in recent times there have been a number of new medications listed. These products slow the progression of type 2 diabetes, and there are more products in development as we speak. We were advised of another one being looked at to come onto the market shortly.

Diabetes is a dangerous condition which, untreated, can lead to loss of eyesight, kidney disease and an increased risk of heart disease and stroke. It is the leading cause of limb amputation, meaning that every 30 seconds someone in the world loses a limb due to diabetes. In fact, few people realise that diabetes causes the death of 2.8 million adults, representing one death every 10 seconds globally.

In Australia, 7.4 per cent of the population has diabetes—they are the ones we know about—according to an AusDiab study in 2000. The social and medical costs were estimated in that same study to amount to about $6 billion annually. The human cost of diabetes is what most of us are deeply concerned about—that is, reduced quality of life and high mortality rates. By listing these types of medications on the PBS, there is a reasonable chance that the progression to dependence on daily insulin injections can be slowed, thus saving costs but, more importantly, improving the quality of life and longevity of those diagnosed with diabetes.

I am aware that there are many other chronic illnesses and conditions that in the past would render people unable to work and function, and in extreme cases result in early loss of life. It truly is a miracle of modern medicine that advances in pharmaceuticals can and do enhance quality of life and extend life for many people. That is where some of the tensions come in in managing cost, because what we do not want to do is stop innovation in the production of new medications that can not only reduce ongoing health costs but improve quality of life and reduce mortality rates. It is important to manage the tensions, but I think the government is mindful of that and has taken that into consideration in the development of this bill.

To continue to maintain access to all Australians, the government must ensure pricing structures that represent value for money for patients and for taxpayers. These measures will reduce the price government pays for medicines that are subject to competition between suppliers. It is important that patients also fully understand and are aware of the benefits of generic medicines. There will be a public education campaign to consumers, especially to those who are high users of PBS services, so that they fully understand what the changes are. It is particularly important to let consumers know that generic medicines have to meet the same very high standards of safety and effectiveness as any other medications. These are sensible measures to ensure the continuation of the excellent Pharmaceutical Benefits Scheme, a scheme that has wide public support. I commend those who have worked to bring about the changes which are the subject of the bill today.

Ms HALL (Shortland) (12.31 pm)—At the commencement of my contribution to
this debate on the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2007 I would like to acknowledge the role that the member for Pearce plays in her leadership in the Parliamentary Diabetes Support Group and for the fine work that she has done in that area. I know that she is very committed to seeing that there are enormous advances in the treatment and diagnosis of diabetes in Australia. Her contribution within and outside of the parliament has made an impact and will continue to make an impact. I felt that it was important to acknowledge her contribution in that area.

The member for Pearce highlighted the tensions that exist. It is not only with diabetes; it is also with cancer, epilepsy and many other diseases that exist within our community. Each and every day, members of this parliament are approached by their constituents about one drug or another that could possibly benefit the illness that they suffer from. These drugs are assessed by the Pharmaceutical Benefits Advisory Committee and then they can be listed on the PBS if they are deemed suitable. That goes to the core of the issue. There is that tension that exists between medications that provide hope to all Australians and the other side of the argument, that there is a cost associated with them. For any government, no matter what their persuasion, the one thing that confronts them is the balancing of that: providing the best possible medication to all Australians whilst on the other hand ensuring that the Pharmaceutical Benefits Scheme survives. This has been a conflict for all governments, be they Labor governments or Liberal governments, over a long period of time.

I will touch a little on the Pharmaceutical Benefits Scheme. As we all know, it provides universal access to prescription medicines for all Australians, in the same way that Medicare provides universal access for Australians to obtain health care. It is one of the central components of the Australian health system. It has operated for almost 60 years. It evolved from a limited scheme that provided access to lifesaving drugs and disease prevention, and which commenced in 1948. These drugs were free of any charge and they were available to all Australians. Since then, the scheme has changed in the way it operates. It provides access to many more drugs. It provides access currently to 600 medicines that are available in 1,800 forms and are marketed under 2,600 different brand names. Approximately 160 million prescriptions were prescribed in the year 2005-06. That is a lot of prescriptions. That is providing benefit to a lot of Australians. I think that we need to recognise just how vitally important the Pharmaceutical Benefits Scheme is in Australia.

A hundred prescriptions come off patent over the next decade. This creates some form of conflict or tension, as has been mentioned by previous speakers. The coming off patent of these prescriptions over the next decade creates the opportunity for more generic drugs to be listed. I am a person who is very supportive of the use of generic drugs, as I think are most people within this parliament. Any way their use can be further enhanced should be supported. The cost of a prescription is $30.50 or, for pensioners and concessional patients within Australia, $4.90. This is visited twice a year, and additionally in special circumstances, such as in 2005 when there was the 30 per cent increase in the cost of prescriptions. The prices are constantly revisited because it is essential that the government is able to maintain the Pharmaceutical Benefits Scheme in the way it has over the years. It is so important to us as a nation that the Pharmaceutical Benefits Scheme remain viable.

The government has estimated these proposed changes will save $580 million over the next year, or a projected $3 billion over
the next four years. The sustainability of the Pharmaceutical Benefits Scheme is what this legislation is all about. As I have mentioned, governments over the years have been very mindful that the Pharmaceutical Benefits Scheme is one of the best schemes in the world for providing medication to a nation’s people. I think it is imperative that we do all in our power to ensure that it remains sustainable.

It has been deemed that the cost of the Pharmaceutical Benefits Scheme is going to continue to increase. There was a high percentage increase in the amount that was spent on the Pharmaceutical Benefits Scheme a few years ago when Celebrex was listed. Quite often you will find that when a specific drug is listed on the PBS there will be an increase in the amount that is being spent on the PBS.

The Intergenerational report initially projected that 3.4 per cent of GDP would be spent on the PBS by 2044-45. Instead that has now been revised down to a 2.5 per cent increase in GDP for the same period of time. So the government should show some caution when it is looking at the future increases in the Pharmaceutical Benefits Scheme. As I mentioned, the listing of Celebrex was one drug that caused a spike in the PBS.

Sustainability has always been the common theme of governments. Legislation is aimed at containing costs and ensuring the sustainability of the scheme. Options to ensure the sustainability have over the years been the introduction of a copayment; competition through the development of a generic industry in Australia, which I think we should be totally committed to; programs aimed at changing prescribing practices; improved monitoring of entitlements to pharmaceutical benefits; and deletion of certain items. I think we have to be very careful when certain items are deleted from the PBS. The deleting of calcium supplements has caused some concern among many of my constituents.

Going to the actual details of the bill, it is one component of four interconnected measures in the government’s announced reforms of the Pharmaceutical Benefits Scheme. It gives Australians continued access to new and expensive medicines, while ensuring that the PBS remains economically sustainable into the future—a point that I think I have probably laboured to date. It is a creation of formulas for classification of medicines, primarily in dividing innovative and generic medicines; removal of ongoing price links between formulas; introduction of pricing mechanisms to reduce price to government; staged price reduction for medicines according to formula classification and requirements as to price disclosure for all new brands; principles for the calculation of weighted average prices; requirements for suppliers of new brands of medicines listing on the PBS to guarantee supply for a minimum period; and imposing penalties for the failure to meet these criteria.

The legislation also deals with restructuring the PBS to form two formulas to differentiate between single- and multiple-brand medicines, reducing the price that the government pays for medicines that are subject to competition between suppliers. We all know that this competition is vital if we are to keep a lid on the price of our pharmaceuticals. The bill also deals with providing a structural adjustment package for pharmacies and pharmaceutical wholesalers, including support for online claiming and initiatives to dispense medicines that do not have additional patient charges. These charges were implemented through amendments to the community pharmacy agreement signed on 2 March. It also deals with streamlining authority approvals for some medicines, reducing red tape and giving doctors more time to
spend with their patients. Medicines that are subject to the new streamlining authority provisions will be listed in the regulations, I understand. It also deals with establishing a working group to consider issues relating to continued access to new and innovative medicines for Australians through the PBS, and the government has made some of these announcements already.

I think it is important to note that, whilst we are very supportive of any legislation that is going to ensure the sustainability of the Pharmaceutical Benefits Scheme, I have a slight concern that the government did not provide information on alternative pricing reforms. I note that the shadow minister for health will be looking to see whether or not we need to move any amendments after the legislation has been examined by a Senate committee. The fact that no alternative information was provided made it difficult to evaluate the rationale for the measures in this bill in relation to other possible approaches and to get a very clear sense of the government’s purpose for introducing the legislation.

The separate formulas will achieve some savings, hopefully, and ensure that PBS medicines are available. They should force some price cuts—and I know that is the rationale of the government—due to a more competitive environment with multibrand medicines where they are being frequently sold to pharmacists.

One other point that I would like to place on the record is that the use of pharmaceuticals actually reduces the nation’s health costs. Unfortunately, we have a dual system of government: the federal government is responsible for the Pharmaceutical Benefits Scheme, Medicare and other aspects of our health scheme; and the states are responsible for our hospitals. I would argue very strongly that the use of pharmaceuticals actually reduces the burden of illness on Australians and therefore reduces the burden of illness on our health system.

I think it is very difficult to actually understand and fully calculate how the use of pharmaceuticals impacts on the overall cost of providing health care to the nation, and I would be very interested to see some research done in that area. It may highlight that, whilst the PBS is increasing and whilst there is definitely a need to ensure that it does not skyrocket out of control—otherwise we will not have the PBS system that all Australians enjoy—it is also very important to look at the benefits to our health system of having drugs supplied through the PBS. Quite often in this House we just look at the cost and compartmentalise different aspects of the health system and different aspects of government. My argument is that we should be very mindful of the vital nature of the PBS and of the benefits it supplies to the Australian people. I think it actually does reduce health costs in other areas and that we should be mindful of that fact.

I can see the Minister for Health and Ageing is in the House and that he would like to sum up on this legislation, so I will conclude my comments at this point. In doing so, I would like to re-emphasise that we need to constantly embrace new medications and new treatments. We need a very strong PBAC out there to evaluate medicines and to make sure that those that are listed on the PBS will deliver the desired outcomes not only to the people who will be taking those medications but to the government as a whole. In addition, we need to recognise that a conflict of interest exists between the cost of medications, health outcomes and the sustainability of the Pharmaceutical Benefits Scheme. But at all costs we must ensure that the PBS remains strong and that it is there to support the Australian population into the future.
Mr Abbott (Warringah—Minister for Health and Ageing) (12.49 pm)—in reply—I thank members who have participated in the second reading debate on the National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2007. They have all expressed their strong support for the PBS, which is good. Of course there is no question that this government believes passionately in the PBS, which is one of the three great pillars of our Medicare system which, for 50-odd years, has delivered affordable, high-quality, life-saving and life-enhancing medicines to the Australian people.

As many speakers in this debate have observed, the costs of the PBS have increased very quickly over recent times. The changes in this legislation are designed to ensure that the Pharmaceutical Benefits Scheme is sustainable into the future. Essentially, these changes are designed to deliver better prices for generic drugs. If we have better prices for generic drugs, we have more headroom for new, innovative and cost-effective drugs in the system. That is what these changes are designed to bring about.

A number of speakers, including the last speaker, have gone through the outline of the bill. I do not propose to waste the time of the parliament by repeating what has been said. I believe that a number of concerns have been raised, particularly by members opposite. Let me briefly deal with them. There is an understandable anxiety on the part of everyone here about ensuring that costs to patients do not rise. We have co-payments in our system which were increased a year or so back. The increases were supported, I hasten to add, by members opposite. Let me briefly deal with them. There is an understandable anxiety on the part of everyone here about ensuring that costs to patients do not rise. We have co-payments in our system which were increased a year or so back. The increases were supported, I hasten to add, by members opposite. It was a very responsible thing for members opposite to do. Some of them appear to have amnesia now about the fact that they did support those copayment increases, but I think it is important just to put it on the record again that they did. There are anxieties about premiums. I can assure all members, including those opposite, that the provisions for premiums are essentially unchanged. There will be no premiums on top of the copayments without the approval of the government. Companies certainly are not able to increase premiums willy-nilly. There is anxiety on the part of members opposite about the number of drugs which are dispensed with a premium and I am pleased to say that, as a result of changes arising from PBS reform, pharmacists will have an additional dispensing fee for dispensing a premium-free drug. There is anxiety about the impact on the generic industry. The government recently announced a major marketing campaign to support the generics industry and to alert people to the qualities of the generic drugs on the market here in Australia. I am pleased to see that that is an advertising campaign that members opposite are happy to support.

Finally, there is a question about the distinction between bioequivalent and biosimilar drugs. Essentially ‘biosimilar’ and ‘bioequivalent’ refer to drugs which are interchangeable at the patient level. ‘Bioequivalent’ refers to simple molecules which are interchangeable; ‘biosimilar’ refers to much more complex drugs which are still interchangeable but which do not necessarily have the same molecular structure.

I want to stress that the role of the Pharmaceutical Benefits Advisory Committee will not change. I would also like to stress that the prices for patients of quite a number of drugs will fall under these measures. The Pharmacy Guild estimates that, when these measures flow through the system, they will produce about 400 drugs beneath the copayment that will therefore be subject to fierce price competition, from which patients will benefit. There has been a great deal of consultation with the industry over these changes. I know that these changes are diffi-
cult for some sections of the industry in particular; I want to thank them for their cooperation and the constructive attitude they have brought to dialogue with the government.

Finally, let me just say that there will be a Senate inquiry into this bill. The government will carefully consider any recommendations that come out of that inquiry and we may well move further government amendments in another place as a result. I commend the bill to the House.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr ABBOTT (Warringah—Minister for Health and Ageing) (12.55 pm)—I present a supplementary explanatory memorandum to the bill and I seek leave to move government amendments as circulated on sheets QH359 and PL298 together.

Leave granted.

Mr ABBOTT—I move amendments (1) to (21) on sheet QH359:

(1) Schedule 1, item 34, page 10 (lines 8 to 29), omit subsection 84AE(3) (including the note), substitute:

Ministerial determination

(3) The Minister may, by legislative instrument, determine that 2 or more brands (the co-marketed brands) of a pharmaceutical item (the co-marketed item) are co-marketed brands of the co-marketed item if the co-marketed brands satisfy the following:

(a) within 4 months of the first of the co-marketed brands of the co-marketed item being included on the Australian Register of Therapeutic Goods, applications are made to include the other co-marketed brands of the co-marketed item on the Register;

(b) the first determination that is made under subsection 85(6) in relation to a brand of the co-marketed item is made only in relation to the co-marketed brands of the co-marketed item;

(c) no determination is in force under subsection 85(6) in relation to a brand of a pharmaceutical item that has the same drug as the co-marketed item (other than the co-marketed brands of the co-marketed item).

Note: For the purposes of paragraph (c), the brand mentioned in that paragraph may be same as one of the co-marketed brands, or the pharmaceutical item mentioned in that paragraph may be the same as the co-marketed item.

(2) Schedule 1, item 34, page 11 (before line 18), insert:

Determinations

(3) Schedule 1, item 34, page 11 (after line 20), after subsection 84AG(1), insert:

(1A) If the Minister proposes to make a determination under paragraph (1)(a), the Minister must obtain the advice in writing of the Pharmaceutical Benefits Advisory Committee in relation to the proposed determination.

(4) Schedule 1, item 34, page 12 (after line 7), at the end of section 84AG, add:

Regulations

(6) On the day on which this section commences, the regulations may prescribe one or more therapeutic groups.

(5) Schedule 1, item 63, page 17 (lines 1 to 7), omit paragraphs 85AB(4)(a) and (b), substitute:

(a) there are no brands of pharmaceutical items that:
(i) have the drug; and
(ii) are bioequivalent; and
(iii) are listed brands of the pharmaceutical items on any day in the relevant period;

(b) there are no brands of pharmaceutical items that:
(i) have another listed drug that is in the same therapeutic group as the drug; and
(ii) are bioequivalent; and
(iii) are listed brands of the pharmaceutical items on any day in the relevant period;

(6) Schedule 1, item 63, page 17 (lines 12 to 14), omit paragraph 85AB(5)(b), substitute:

(b) there are no brands of combination items that:
(i) have the drug; and
(ii) are bioequivalent; and
(iii) are listed brands of the combination items on any day in the relevant period;

(7) Schedule 1, item 63, page 17 (after line 14), at the end of section 85AB, add:

(a) the trigger combination item is in a class of pharmaceutical items to which a 12.5% administrative price reduction has applied; or

(b) another combination item that has the same drug and manner of administration as the new brand of the trigger combination item is in a class of pharmaceutical items to which a 12.5% administrative price reduction has applied; or

(c) if the drug in the trigger combination item is in a therapeutic group—a combination item that:
(i) has another drug that is in that group; and
(ii) has the same manner of administration as the new brand of the trigger combination item;

(8) Schedule 1, item 81, page 26 (line 17), omit “another listed brand”, substitute “the new brand, or another listed brand.”.

(9) Schedule 1, item 81, page 29 (after line 12), at the end of subsection 99ACC(6), add:

; (c) section 99ADH.

(10) Schedule 1, item 81, page 30 (before line 5), before subsection 99ACD(2), insert:

(1A) This section does not apply in relation to the new brand of the trigger combination item if:

(a) the trigger combination item is in a class of pharmaceutical items to which a 12.5% administrative price reduction has applied; or

(b) another combination item that has the same drug and manner of administration as the new brand of the trigger combination item is in a class of pharmaceutical items to which a 12.5% administrative price reduction has applied; or

(c) if the drug in the trigger combination item is in a therapeutic group—a combination item that:
(i) has another drug that is in that group; and
(ii) has the same manner of administration as the new brand of the trigger combination item.

(11) Schedule 1, item 81, page 30 (line 8), omit “another listed brand”, substitute “the new brand, or another listed brand.”.

(12) Schedule 1, item 81, page 30 (after line 13), at the end of subsection 99ACD(2), add:

; or (c) if the drug in the trigger combination item is in a therapeutic group—a combination item that:
(i) has another drug that is in that group; and
(ii) has the same manner of administration as the new brand of the trigger combination item.

(13) Schedule 1, item 81, page 32 (line 10), sub-
paragraph 99ACE(1)(c)(ii), omit “; and”, substitute “;.”.

(14) Schedule 1, item 81, page 32 (after line 10), at the end of paragraph 99ACE(1)(c), add:

; or (c) if the drug in the new combination item is in a therapeutic group—a combination item that has another drug that is in that group and has the same manner of administration as
the new brand of the new combination item; and

(15) Schedule 1, item 81, page 34 (lines 7 to 9), omit all the words from and including “reduction day,” to and including “column 2,” substitute:

reduction day, by the following:
(d) the percentage specified in column 3 of the table for the section referred to in column 2;
(e) if there is a staged percentage for the listed brand of the pharmaceutical item for the reduction day—the amount specified in column 3 of the table for the section referred to in column 2.

(16) Schedule 1, item 81, page 34 (lines 25 to 27), omit all the words from and including “reduced” to and including “and”, substitute:

reduced by more than:
(i) the percentage specified in column 3 of the table for the section referred to in column 2; or
(ii) if there is a staged percentage for the listed brand of the pharmaceutical item for the reduction day—the amount specified in column 3 of the table for the section referred to in column 2.

(17) Schedule 1, item 81, page 38 (line 29), omit “must”, substitute “may”.

(18) Schedule 1, item 81, page 38 (line 31), omit “each of those days”, substitute “a reduction day”.

(19) Schedule 1, item 81, page 39 (lines 8 and 9), omit subsection 99ACK(4), substitute:

(4) The percentages prescribed for each brand of the pharmaceutical item must not total more than 25%.

(20) Schedule 1, item 83, page 60 (before line 23), before subsection 101(4AB), insert:

Function relating to Minister’s determination of therapeutic groups

(4AA) If the Committee is of the opinion that the Minister should, or should not, determine a therapeutic group, the Committee must advise the Minister accordingly.

(21) Schedule 1, item 96, page 63 (before line 27), before paragraph 96(2)(a), insert:

I move amendments (1) to (17) on sheet PL298:

(1) Schedule 1, item 4, page 3 (lines 18 to 20), omit the item.

(2) Schedule 1, item 34, page 12 (line 13), after “bioequivalent”, insert “or biosimilar”.

(3) Schedule 1, item 63, page 17, proposed subparagraph 85AB(4)(a)(ii), after “bioequivalent”, insert “or biosimilar”.

(4) Schedule 1, item 63, page 17, proposed subparagraph 85AB(4)(b)(ii), after “bioequivalent”, insert “or biosimilar”.

(5) Schedule 1, item 63, page 17, proposed subparagraph 85AB(5)(b)(ii), after “bioequivalent”, insert “or biosimilar”.

(6) Schedule 1, item 71, page 21 (line 21), after “bioequivalent”, insert “or biosimilar”.

(7) Schedule 1, item 81, page 25 (line 21), after “bioequivalent”, insert “or biosimilar”.

(8) Schedule 1, item 81, page 28 (line 18), after “bioequivalent”, insert “or biosimilar”.

(9) Schedule 1, item 81, page 29 (line 29), after “bioequivalent”, insert “or biosimilar”.

(10) Schedule 1, item 81, page 43 (line 20), after “bioequivalent”, insert “or biosimilar”.

(11) Schedule 1, item 81, page 51 (line 19), after “bioequivalent”, insert “or biosimilar”.

(12) Schedule 1, item 81, page 52 (line 1), after “bioequivalent”, insert “or biosimilar”.

(13) Schedule 1, item 81, page 52 (line 9), after “bioequivalent”, insert “or biosimilar”.

(14) Schedule 1, item 81, page 53 (line 17), after “bioequivalent”, insert “or biosimilar”.

(15) Schedule 1, item 81, page 53 (line 25), after “bioequivalent”, insert “or biosimilar”.

(16) Schedule 1, item 81, page 58 (line 17), after “bioequivalent”, insert “or biosimilar”.

(17) Schedule 1, item 81, page 59 (line 3), after “bioequivalent”, insert “or biosimilar”.
I think the amendments are uncontentious. We are providing for the Pharmaceutical Benefits Advisory Committee to provide the minister with advice in respect of the formation of new therapeutic groups. We are providing for proportionate price reductions for combination drugs. We are providing for lower price reductions for some on-patent drugs in the F2 formulary and we are adding the term ‘biosimilar’ to the term ‘bioequivalent’ in the bill to take account of the fact that there are complex biological drugs coming into our system as well as the more traditional, much simpler drugs. These are the amendments. I do not believe that they are contentious and I commend them to the House.

Mr STEPHEN SMITH (Perth) (12.57 pm)—The member for Gellibrand, the shadow minister for health, is unavailable as a result of an electorate commitment; she has leave from the House. My instructions are, as the minister has outlined, that on the face of it these amendments look consistent with the bill and appear to be non-contentious. Certainly, that is the case with those amendments which relate to ‘bioequivalent’ as compared with ‘biosimilar’, and the minister has explained that both in his second reading reply and in his brief contribution on the committee stage amendments.

The more substantive amendments are as outlined by the minister and appear to be consistent with the thrust of the legislation. In any event, as the minister has alluded to, there is to be a Senate inquiry. If there are any technical deficiencies which interested parties see with the amendments, I am sure the minister, in the usual way, will be only too happy to accommodate any technical suggestions which add to the elegance of the bill.

Question agreed to.

Bill, as amended, agreed to.
is more limited in its application. Under the New South Wales provisions the protection of professional privilege is defined with reference to conduct. In this bill the offence is defined exclusively with reference to a class of persons—namely, journalists. While the New South Wales example, for instance, would allow other professions to access the privilege, the definitions in the bill we are debating set up a system of protected confidentiality whereby only journalists may be entitled to privilege if they are communicating in confidence while, firstly, acting in a professional capacity and, secondly, acting under an express or implied obligation not to disclose the contents of the communication.

Proposed section 126B provides the means by which the court may exclude evidence derived from a protected confidence. Evidence may not be adduced where it would disclose a protected confidence, its contents or information regarding a protected identity. An application for exclusion may be initiated by a party or on the presiding officer’s own initiative—that is, at the court’s own discretion.

While those provisions are consistent with the New South Wales template, an important difference occurs with the issue of judicial discretion on when to allow the exclusion of evidence because of the potential harm it could cause to a journalist. Under section 126B(3) the evidence must be excluded when harm would occur to the protected confider if the nature of the harm outweighs the value of the evidence to be adduced. But subsection (4) specifies that the greatest weight must be given by the court to any risk of prejudice to national security. Therefore, the key diversion from the New South Wales template on which this bill is based is the removal of the discretion in the consideration of national security information. That criterion does not appear in the corresponding list of items to be considered in the New South Wales act. This, of course, may be a reflection of the differing responsibilities of our respective levels of government. Nonetheless, there are some overlaps in those national security issues. In short, however, we see that the application of the privilege comes down in large part to judicial discretion.

There has been some comment that judicial discretion is undesirable and that journalists should be afforded some type of absolute privilege by raising the issue. In that context, we would point out that absolute privilege does not apply even for lawyers and certainly not for politicians, priests, doctors or any of the other professions. They are all subject to elements of judicial discretion. Judicial discretion in these matters is not something to be afraid of. Indeed, we think it is something that makes the balancing of the respective and competing interests desirable. The parliament is best placed to provide a framework, but, in constructing rules, we cannot foresee all events and circumstances. That is why we believe these matters are best weighed in each instance on the particular facts of the case at hand.

Proposed section 126C provides for loss of privilege when the journalist consents to the evidence being adduced. Proposed section 126D provides for the loss of privilege in circumstances of misconduct in the form of fraud, a criminal offence or an act which is liable to a civil penalty. If the journalist was involved in such conduct, the court may decide that the privilege is not to be made available.

According to the government, however, the clear intention of the legislation—and obviously that intention will be relevant in the construction of its terms—is to introduce a privilege which provides the court with a guided discretion to balance the competing public interests of freedom of the press and
of disclosure of that information. Again, it will be up to the courts to make the decision. In some circumstances, unlawfully receiving national security information is in itself an offence. The court will have to weigh up the value in granting privilege against the value of ensuring that our national security interests are protected.

Proposed section 126E provides that the court may make various orders to protect the safety and welfare of the protected confider, short of refusing the privilege. These include media suppression orders and orders that certain information be heard in-camera—that is, in closed court. We think those measures are appropriate. Proposed section 126F provides that cases that are currently before the court will not enjoy the protection of the section, but a protected confidence which occurs before the act comes into force may be covered. Again, this is probably a sensible approach to adopt in the circumstances. The rest of the proposed bill is in essence of a consequential nature, so I will not take the House’s time to go through the intricacies of those provisions.

Labor’s view on the bill is that it is welcome but insufficient. The Australian Law Reform Commission’s report, Uniform evidence law, No. 102 of 2005, recommended protection for journalists, and appropriately so. I will take a little time to quote from the report’s recommendation. At paragraph 15.15, in respect of journalists’ sources, it says:

Since the publication of DP 69, the issue of protection of journalists’ sources has received significant media attention. Under the common law, courts have consistently refused to grant journalists a privilege or lawful excuse under which they can refuse to reveal their sources. The journalists’ code of ethics prohibits a journalist from revealing a source once a commitment to confidentiality has been made. At the time of writing, legal proceedings had commenced against two Herald Sun journalists for protecting the source of leaked government documents regarding changes to veterans entitlements. The Attorney-General of Victoria has indicated his support for a uniform national approach to journalists’ sources. The Australian Government Attorney-General has also announced that the issue would be considered by the Government.

We recognise, again, the reference in that extract of the report to the Harvey and McManus case and the fact that those journalists are complying with their professional obligation to protect their source in commenting on a legitimate matter of public interest.

At the recent national conference of the Australian Labor Party, the national platform was amended, and it represents a commitment from a future Labor government. It involves four propositions that I wish to put on the record. A future Labor government will, firstly:

Legislate for proper freedom of information laws that enable Australians to access appropriate information about government activities.

Secondly, it will:

Move to implement the ALRC recommendations on sedition laws.

Thirdly, it will:

Provide shield laws for protecting confidential sources and—significantly—whistle blowers.

Finally, it will:

Review laws that criminalise reporting of matters of public interest.

Again, that specifically has regard to the Harvey and McManus case.

And here we come to the heart of the matter. The Howard government is not genuinely committed to bringing about an open or transparent government. It is for this reason that it spends hundreds of thousands of dollars chasing leaks that have not detracted
from good governance or national security but have in fact enhanced it. In contrast to its obsession, in many cases, with chasing down leaks is its ability to isolate and insulate itself from information that it does not want to hear. The incidence of those in the government’s history is legion, of course, from the issue of ‘children overboard’ to the more recent one with AWB.

Despite repeated evidence of the government and senior public servants having been made aware of bribes being paid to AWB, the minister claimed not to have received that knowledge. At no stage have we seen the minister attempt to find out why he was not apprised of that knowledge or take disciplinary action against any civil servant for failing to convey that information. Yet, where it is in its political interests, it uses literally millions of dollars to track down perceived leaks that it does not want disclosed. If you like, there is a complete distinction between the government chasing the outlaying of information it perceives as being contrary to its political interests and its unwillingness to track down and find out why it was not given information contrary to the interests of its political survival or indeed the political interests of individual members. This is a fundamental hypocrisy that the government needs to deal with.

Moving to the issue of the two journalists that the Australian Law Reform Commission report referred to, Gerard McManus and Michael Harvey, as I have been at pains to indicate, are two highly respected journalists from both sides of politics. This bill will not help their case—and that needs to be made known—by directly changing the substantive law that applies to their case. It is neither retrospective in that sense nor does it seek to override the Victorian Evidence Act. What it will do is send a message to the courts about the Commonwealth parliament’s clear intention in relation to journalists’ privilege—that is, to recognise its existence. In that sense, I formally declare an empathy that at least our side of parliament has with the cause of those journalists. On that basis, and on the basis that the Attorney-General will revisit this area with further legislation, Labor will support this bill, despite the fact that it is clearly less than ideal to deal with the particular circumstances faced by those journalists.

The Howard government stands condemned that it did not act until this time, and it stands further condemned for the piece-meal nature of reform that this bill represents. It is simply not good enough to blame the states. Some states and territories have whistleblower protection legislation in place; some have professional privilege in place. As Mr Ruddock well knows, there is nothing to stop a parliament legislating within its jurisdictional competence to protect the rights and freedoms of Australians with regard to transparency of government, the free flow of information or any other matter. Be clear that this government is no friend of Australia’s Right to Know and no friend of anyone who desires freedom of information or transparent government.

No other federal government has done more to clamp down on the flow of information out to the public which it considers to be detrimental to its political interests, and no other federal government has done so little to find out why it was not apprised of information of vital importance to our national interest but contrary to its political interests—whether it is the collapsing of government media departments into government ministers’ offices; whether it is in the direction of the Australian Federal Police for the purpose of conducting fruitless but intimidatory raids against the Public Service, indeed at their homes; whether it is the crackdown on whistleblowers like Allan Kessing, who exposed the massive security failures of the Howard
government at our airports, despite all its talk of national security since September 11; whether it is the directive to public servants to not answer questions at Senate estimates about the channelling of $300 million to Saddam Hussein, despite the fact that the government relied on the fact that the sanctions regime was not working as a justification for its participation in the invasion of Iraq; whether it is the slack and tardy way that ministers answer questions on notice, if indeed they answer them at all; whether it is the explosion in government entitlements, staffing and blatantly political advertising in order to maximise the benefit of incumbency and the gigantic political machine behind the government; whether it is the abuse of its control in the Senate; whether it is the effective neutering of the Freedom of Information Act and its genuine application and access by Australians seeking information from government. This is a tired and arrogant response that does not stand up in its totality to detailed scrutiny.

Labor will support the bill to send a clear and unambiguous message about the parliament’s attitude with respect to the desirability of preserving and maintaining professional privilege for journalists undertaking their professional responsibilities, but we expect this area to be revisited before the election so that reform to the Evidence Act may be considered more broadly with these matters. I commend the bill to the House. I move a second reading amendment that has been circulated in my name:

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 regrets that while the bill confers protection in respect of journalists, the bill fails to acknowledge the need for appropriate protection for whistleblowers and other persons who provide information to journalists”.

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

Mr Bowen—I second the amendment.

Mr SECKER (Barker) (1.17 pm)—I see the amendment that has been circulated and, of course, I will not be supporting that. If any member of the opposition is going to come up with an amendment, they should actually give the detail, the words, of what they propose rather than just saying, ‘We might put some other words.’ I think that most of us would support some defence of whistleblowing, especially when it is in the public interest, but it is very problematic to actually get the words right. To say, ‘We’re going to have an amendment on the basis that we have not gone far enough with the legislation before the House,’ I think, is just another political stunt.

In agreement with the previous speaker, the member for Barton, I think the Harvey-McManus situation has certainly prompted us to see what we can do about future situations. Of course, we hope that this Evidence Amendment (Journalists’ Privilege) Bill 2007 will give a message to the Victorian Supreme Court when it comes to that particular case. Obviously, we as members of the parliament, if we are going to act properly, do not actually interfere in judicial cases—I think that is a very important tenet of government—but I think this legislation will give a very clear feeling of what the parliament now thinks. In fact, in South Australia in the early nineties, if my memory serves me correctly, a journalist was actually jailed, and that raised considerable angst amongst many people. It probably had some influence on my views—a journalist going to jail to protect his source is probably, in the Australian vernacular, a bit over the top. As a result, I am very pleased to speak in this House today about a bill that amends the Evidence
Act 1995 in the hope that that sort of situation does not occur again.

This is an amendment bill about giving consideration to the protection of interests, including freedom of the press. We are fully aware of the importance of media in our society—something which seems only likely to increase and improve in coming years. Technology is changing in such a way that consumers can access news online within minutes of any significant event; in fact, they can access it via their telephone. That is the way technology is changing. Today, witnesses to any major event can post their photos or personal accounts to add to a news story almost immediately—as I said, via their mobile phone. Some of the nation’s greatest tragedies have been covered not just by journalists but also by the general public. Media, as we have traditionally known it, is changing.

However, one thing that will not change is the trust that we have in our journalists and between journalists and MPs, for example. Because of this, their importance is not likely to dwindle in the near future. Each night, as we switch on the six o’clock news, we allow their familiar faces into our lounge room to inform us of the daily happenings and events. There is a rapport that has slowly built up over time. I think it is actually quite extraordinary that, if a poll of people out there is taken, MPs and journalists are generally fairly low in order of trustworthiness—almost down there with car salesman—but, of course, we in here know it is quite different. We know that we have to build up trust: journalists need to build up trust with us and we need to build up trust with them.

One of the things about being a member of parliament is that everything you say or do is on the public record. Even if you are just going down to the local shops, it will soon get around if you have said something or been up to some sort of mischief. So we have to be very careful in our lives. I find it extraordinary that there is this general view of people out there in Australia—and I think you would find it worldwide—that politicians are not trustworthy, whereas in fact we all know that the opposite is true.

I do seek to differ from the member for Barton on the issue of leaks and whistleblowing. I believe they are quite different. Of course every opposition loves leaks. They love leaks because they can try to embarrass the government with those leaks. Very often they are not really in the public interest and it is more about playing politics and embarrassing the government of the day, whereas whistleblowing, I think, is a much more serious area of public interest. I think, as I have said before, we must use the right word and find the difference between leaks and whistleblowing. This is problematic. I think the case the member for Barton raised is a genuine case of whistleblowing. But what we could call ‘pest leaks’ to embarrass the government are quite a different matter. They are more about embarrassing the government than genuinely about the public interest—in many cases they are almost a bit of gossip. So, before we bring in legislation on that, we have to give very careful thought to how we treat the difference between whistleblowing and leaks.

A journalist’s role in society is incredibly important. I am sure they would agree with that statement. We have many sitting right here in this chamber with us today who have become members of parliament. I acknowledge the work that journalists do to promote and advise of the business of parliament in a manner suited to our Australian citizens. We may not always agree with what they have written about us because it is given a different slant to that which we would have liked, but the fact is that they do play a very important role in reporting on the events of this parliament—which is, after all, the supreme
decision maker for legislation in Australia. However, a journalist’s job is most certainly no easy task, and it has become more challenging as networks grow and the news outlets available to the general public increase in number. There is a need for journalists to access more information and present it faster and more concisely than ever before. Because of this, I believe it is incredibly important that we offer greater legal protection for confidential communications between journalists and their sources where appropriate. I am personally aware of the ethics that most journalists are taught and take it upon themselves to abide by when reporting for the press. Journalists operate under a very strict code of ethics where they are taught to keep a source’s confidence.

As parliamentarians, Mr Deputy Speaker Hatton, we know the importance of developing trust with our local media. I have about 14 newspapers, five radio stations, two television stations and some community radio stations in my electorate. There are often local newsletters as well. It is very important that we have a good rapport with the local media. Many an exchange can be made off the record with a trusted journalist; we know that is where it will stay. Sometimes it is very important that we can be very frank with a journalist who knows that we do not want our name reported because of the possible consequences. That is a normal arrangement between journalists and members of parliament, used on many occasions. We know that that information will stay with that journalist, and vice versa. However, if the journalist were called forward in a court and asked to produce evidence about a confidential source or information provided by that source—which could, at times, be damaging for members of a small community or the like—there is no legal basis for the journalist to seek to refuse.

This important amendment bill will provide a professional, confidential relationship privilege for communications between journalists and their sources. This amendment bill will also assist journalists to reconcile their ethical obligations with their legal duty to provide the courts with relevant evidence when requested. This privilege will exist at the trial and pre-trial stages of civil or criminal proceedings. As I mentioned before, if a court compels a journalist to produce evidence about a confidential source or information provided by that source, there is no legal basis for the journalist to seek to refuse except in New South Wales. This conflict can and has led to situations where journalists have been forced to choose to either protect their source or be charged with contempt of court and face imprisonment. In fact, some have gone to prison. When applying the privilege, courts will also be required to give consideration to the protection of interests including freedom of the press and the public’s right to know.

There are many other examples of confidentiality being protected by law, from discussions between a lawyer and his client in certain circumstances to discussions between a priest and his parishioner. The privilege being put forward here is modelled on the existing professional confidential relationship privilege which can be found in division 1A of part 3.10 of the New South Wales Evidence Act 1995. That has obviously been in law for 12 years, and I think it has worked quite well. It states:

*confidential communication* means a communication made in such circumstances that, when it was made:
(a) the person who made it; or
(b) the person to whom it was made;
was under an express or implied obligation not to disclose its contents, whether or not the obligation arises under law.
This New South Wales privilege has been in place since 1998 and was recommended as a model by the Australian, New South Wales and Victorian law reform commissions in their Uniform evidence law report.

In accordance with the NSW legislation, a court must consider the nature of the proceedings, the importance of the evidence, other means of obtaining the evidence and the means available to a court to limit the impact of disclosure. The privilege will not be absolute; the court must give particular weight to any risk of prejudice to national security. My strongest concern has always been that, where national security or terrorism are involved, we have the right to find the source so that we can prevent a possible terrorist attack or risk to our national security. When deciding if a confidential communication should be disclosed, those matters will be taken into account. This will be of consideration when lives may be at risk, when serious crime is known to be committed or when information regarding a terrorist attack is concerned. In my experience journalists would accept that is a fair and reasonable demand of the people of Australia; in fact, I think they probably would ensure that evidence and source is given to the right authorities. Certainly, in the past I think that has happened, and we would hope that it would happen in the future. It will be a judgement for journalists, but they are generally responsible citizens.

The bill also makes additional amendments to ensure that the professional confidential relationship privilege, under the Evidence Act, the NSW Evidence Act or a similar law of another state or territory, does not apply in James Hardie proceedings under the James Hardie (Investigations and Proceedings) Act 2004 or in examinations and subsequent proceedings under the Proceeds of Crimes Act 2004. The public policy interest in effective enforcement of corporate regulation through the James Hardie proceedings and the confiscation of unlawfully acquired property through the Proceeds of Crime Act justified the elimination of legal professional privilege in these circumstances—and it is not unreasonable to expect the same for journalistic privilege. The privilege will not apply if communications between a journalist and his or her source involve misconduct such as furtherance of fraud or another offence.

The protection of children is of high priority to this government. This amendment bill also amends the Family Law Act 1975. This will ensure that the best interests of the child are eminent when a court is determining whether confidential communications should be disclosed in family law proceedings where children are concerned—I think we can all understand the reasoning for that. In family law proceedings, a child’s interests in the proceedings can, in some cases, be independently represented by a lawyer appointed under division 10, part VII, of that act. For that reason, this bill provides that an independent children’s lawyer, a parent of the child or another person who has responsibility for making decisions about the major long-term issues in relation to the child can make a claim for privilege on behalf of the child. The amendment is on recommendation of the Uniform evidence law report.

Relationships with media, journalists and the public and their sources is extremely important; just ask any journalist—and just ask any member of parliament. They are taught early on to develop, maintain and work with their contacts to ensure a trustworthy and honest relationship. Contacts are integral for any journalist. I know I am a contact for many journalists—perhaps not as many as some others in this House—in my electorate of Barker and I appreciate the relationships we come to develop with these people. From the ordinary shoe store owner to the local
councillor or man-about-town, all are important sources in a journalist’s contacts book. But, for journalists to have the confidence to continue to honour the importance of such relationships, they need the greater protection that is afforded by these amendments. The introduction of this bill demonstrates the Australian government’s commitment to providing greater protection of interests such as the freedom of the press and the public’s right to know.

Mr MELHAM (Banks) (1.34 pm)—At the outset, I will say that I rarely comment on a previous speaker’s speech but I think it is important, having followed the member for Barker, to say that there are many things that he has said that I fundamentally disagree with in relation to journalists and his romantic view of them. I do not have a romantic view of journalists. I think the journalistic profession, like every other profession, has the good, the bad, the ugly and the indifferent. But what we need to do is set some standards and principles that we all know are there and that we can all abide by. It is that necessity that brings us to the debate that we are having today.

Quite frankly, I would readily lock up a few of the journalists I know and throw the key away—the same with some of my colleagues—but that is not the way we run our businesses. What is important about the Evidence Amendment (Journalists’ Privilege) Bill 2007, whilst it is disappointing because of its narrow focus—and I will come to that later—is that it enjoys bipartisan support; that is, that the government and the alternative government have finally come to the conclusion that this is a matter that we should legislate on. We are guided in terms of that; we are not guided by political motives. We have got law reform commissions reporting under the Uniform evidence law report and that has been used as a guide.

The legislation before us today is to introduce a privilege to allow journalists facing trial to refuse to disclose the identity of their sources. It amends the Evidence Act 1995, and the bill is long overdue. The Attorney-General, Mr Ruddock, stated at a press conference in November 2005 that the government would introduce such a bill. He said that the government was of the view that:

... reform to evidence laws is necessary in order to ensure confidential sources, including journalists’ sources, are properly protected.

It has been 18 months, but we have now got the legislation. It arises from several cases and the media and legal attention surrounding them. The most quoted is the case involving Herald Sun journalists Gerard McManus and Michael Harvey. They are currently awaiting sentencing on being found guilty of contempt of court.

Their case arises from the publication of a 2005 story stating that the then Minister for Veterans’ Affairs had ignored a recommendation to increase war veterans’ benefits. It was claimed that the original recommendation was for an increase of $650 million and the minister had instead recommended an increase of only $150 million. As an aside, my recollection is that eventually more was given to veterans and the minister subsequently lost her job in a reshuffle after the subsequent election, so there was some good for veterans that came out of the leaking of this story to these journalists. McManus and Harvey refused to reveal the source of the information, and this refusal was prompted by the journalists’ code of ethics. Rule 3 requires the journalist to respect the confidentiality of his or her source of information. Contrary to popular belief, which is perhaps based on the perceptions gleaned from American television, there is no such protection under Commonwealth law. Currently in Australia, courts have an inherent power to punish people for interference in the function...
and procedure of the court. Courts have the power to compel people to give evidence in court where that evidence is admissible and where the person giving evidence is not protected by privilege.

The most well known examples of privilege include the relationship between legal practitioners and their clients and the privilege associated with self-incrimination. Currently, if a person—including a journalist—is not covered by privilege and refuses to answer a question when required to by the judge then that person may be held in contempt of court. The punishment is a fine or imprisonment. In May 2005 journalists from the Australian published a series of stories apparently based on a leaked customs department report. In March 2007, a former customs department official was found guilty of leaking two highly classified reports to the Australian in May 2005. This case has created a debate over the need for the public to have been made aware of specific claims relating to security at Australian airports, as opposed to the morality of an official leaking information.

Comment has been made that this legislation does not include whistleblower protection. Much of the bill before the House today is modelled on similar New South Wales legislation, so it is disappointing that it does not include whistleblower provisions. The New South Wales system established a stepped disclosure system, and legal protection can be extended to public servants if certain criteria are met. This is obviously in stark contrast to the circumstances in which the Customs whistleblower finds himself.

This case raises the broader issue of freedom of speech, which has been raised consistently since the details of the case first emerged. It has also led to the establishment of a media coalition involving a broad cross-section of media organisations. This coalition is vigorously pursuing the issue of the erosion of press freedom. The international media organisation Reporters Without Borders released rankings earlier this month which showed that Australia has dropped in the rankings for press freedom. According to an AAP report of 2 May, Australia ranks at number 35, just behind Ghana, Greece and Mauritius. Not surprisingly, the United States ranks last at equal 53rd with Botswana, Croatia and Tonga. The United Kingdom ranks at equal 27th.

The issue of freedom of speech is a powerful one which has echoed throughout history. The following comment encapsulates that spirit. I quote from page 717 of the Oxford Dictionary of Quotations revised fourth edition of 1996. The words have traditionally been attributed to Voltaire, but that is incorrect. The dictionary says that the phrase is:

Attributed to Voltaire, the words are in fact S. G. Tallentyre's summary of his—Voltaire’s—attitude towards Helvetius following the burning of the latter's De l'esprit in 1759; in The Friends of Voltaire (1907) p199. It paraphrases Voltaire's attitudes at the time.

The comment, which is well known, is:

I disapprove of what you say, but I will defend to the death your right to say it.

These are fine words and neatly summarise the need for freedom of speech.

The bill we are debating today is based on recommendations from the Australian Law Reform Commission report No. 102, the New South Wales Law Reform Commission report No. 112 and the Victorian Law Reform Commission Report of December 2005 entitled Uniform evidence law. These are basically the one report. In respect of the recommendations made in that report, those made in relation to journalists have largely been acted on. Proposed section 126B contains the substance of the bill. It provides that
a court may avoid requesting or accepting evidence if it would expose a ‘protected confidence’ or ‘protected identity information’. In deciding whether to protect the information, the court is required to weigh up the harm that would be caused by a confider against the desirability of the evidence being given. There are, however, several qualifications to this discretion. These include: how helpful and important the evidence would be to proceedings; the ‘nature and gravity’ of the offence, defence or cause of action and the subject matter of the proceeding; the availability of other evidence covering the issue; the nature and extent of the harm that could be caused to the confider; the ways in which the court could protect either the confidence itself or the identity of the confider; whether the party wanting to bring in the evidence is a defendant or prosecutor in a criminal case; and whether the evidence has already been disclosed, either by the protected confider or by someone else.

It is worthwhile to read into the record the actual text of the commissions’ recommendations, as there were two which directly affect this legislation. Recommendation 15-1 says that:

The uniform Evidence Acts should be amended to provide for a professional confidential relationship privilege. Such a privilege should be qualified and allow the court to balance the likely harm to the confider if the evidence is adduced and the desirability of the evidence being given.

Recommendation 15-2 states:

If Recommendation 15-1 is adopted, Part 3.10, Division 1A of the Evidence Act 1995 (Cth) should include that in family law proceedings concerning children, the best interests of the child should be a paramount consideration and that, where a child is the protected confider, a representative of the child may make the claim for privilege on behalf of the child.

This particular recommendation has been addressed by amending the Family Law Act 1975 to ensure that privilege can be claimed on behalf of a child.

The commissions also considered the matter of medical privilege. They did not support the inclusion of a medical relationship privilege. The report states, on page 513, that it was considered that the proper protection of confidential medical communications could occur under the confidential relationship privilege. On that basis, the commissions chose not to make a specific recommendation in relation to the matter.

In its haste to introduce this bill, the government has chosen at this stage not to legislate a number of other recommendations of the commissions. I am hoping that, eventually, some of those things will be legislated.

This is a worthwhile report. It shows the value of the commissions to this parliament. I think it is important that parliaments understand that they are not the font of all wisdom. I was a practising lawyer before I came into the parliament. I worked as a solicitor with Legal Aid for over seven years and as a Legal Aid barrister, a public defender, for over a couple. I specialised, for a decade, in defence in the area of criminal law. At the time I was practising, I was across the law. I was across what was happening on the ground. And I was in a position, when I first came into this parliament, I think, to comment on legislation coming through the parliament. But as the last 17 years have gone by, I have had to rely more on my colleagues in the profession and others I know who are current practitioners to, in effect, guide me, not in relation to some of the principles but on some of the finer details of the legislation with which we are dealing.

These law reform commissions are a great guide to this parliament. They follow and enunciate principles that have been established over centuries, unlike the Daily Telegraph or the Herald Sun or the shock jocks
whom, unfortunately, our colleagues in state parliaments and even this parliament sometimes listen to and seek to respond to in a legislative way. That is not the way I like to do business. Bad cases make bad law. That is why, in relation to the matter before the parliament today, parliament has been well served by the law reform commissions' report. And the government has come up with a proper response, and that needs to be acknowledged.

The commissions did consider other matters of uniform evidence law. I do not want to go into detail on them now, but I understand that they will be revisited under a federal Labor government and I would anticipate that they would be revisited by this government and this Attorney should they be re-elected. There is a lot of stuff there that is not necessarily contentious but would be an improvement on the status quo.

At its recent national conference, the Labor Party committed to working towards a broad range of reforms and I think it is worthwhile stating what they are: legislation for proper freedom of information laws to enable Australians to access appropriate information about government activities; moves to implement the Australian Law Reform Commission recommendations on sedition laws; providing shield laws for protecting confidential sources and whistleblowers; and reviewing laws that criminalise the reporting of matters of public interest.

Having said that, can I say that I do not necessarily believe that we should be legislating everything that the press, or the coalition in favour of press freedom, want us to legislate. I do not want my remarks to be interpreted as meaning that those organisations necessarily have my support in everything they wish for. You do, in a number of instances, have to balance certain things.

In some respects, I am quite a conservative when it comes to the press. I think there should be a few more restrictions on the press in relation to some of their reporting, in particular their reporting of court proceedings. We are getting into a situation now where papers like the Daily Telegraph are waging a war—just to increase their readership—against the courts in New South Wales. We had an instance where a particular person, who I will not name, was sentenced, and a whole swag of people provided references in relation to that person and they were traduced in the Daily Telegraph. There is action pending on that matter, as I understand it. It brings the court into disrepute.

We need to recognise that our system of justice, even in relation to journalists, is not perfect. But there are checks and balances. Our state and federal courts have appeal mechanisms so that, if people think they have been poorly treated in a court, either harshly or lightly, there are options for appeal. But the day the Daily Telegraph starts dictating to politicians what the standard should be is the day we should hang our heads in shame. Unfortunately, it carries a lot of influence. It runs particular agendas. But its interest is not necessarily the public interest. As a parliament we need to be very careful and mindful, in relation to important legislation that is currently on the statute books and may come before us on certain matters, to consider this stuff carefully and dispassionately and to be properly advised and not go to the lowest common denominator.

That is where the law reform commissions around the country provide some guidance. I am not saying that we need to accept their recommendations holus-bolus or accept everything that they recommend. That is where we bring our experience to bear. We also bring to bear considerations that others might have in relation to the matter. That is why I am quite happy to support the legislation that
is before us today—notwithstanding, as I said at the beginning of my speech, that there are a number in the press gallery for whom I do not have a high regard, on account of the way they conduct themselves. They are not honourable. They do not follow the ethics of their profession. And they are pretty precious. They are quick to put the boot into us but when you challenge them privately about some of their material—I tell you what: I have never met a more precious person in my life than a journalist challenged.

That aside, in relation to journalists’ privilege with proper foundations and a proper basis for claiming it, I think this legislation is long overdue. I am happy to support it.

Mr GEORGIOU (Kooyong) (1.52 pm)—It is a pleasure to follow such erudite speakers as the members for Barton, Barker and Banks. I endorse the comments of the member for Banks about the significant contribution the Australian Law Reform Commission makes to this parliament’s deliberations. I would also like to dissociate myself from his rather cruel comments about the member for Barker romanticising journalists—if you are going to romanticise anyone in such a cynical world, why not journalists!

This legislation constitutes an important reform in a proposed package of general reforms to the Evidence Act 1995. This is a large project and, to a degree, it depends on state agreement. Progress has been slow but, despite this, I welcome the government’s decision to proceed separately with this amendment and introduce this bill to protect journalists.

The Evidence Amendment (Journalists’ Privilege) Bill 2007 responds to concerns that the current legislation compromises some central components of a democratic society: freedom of expression and a free press. In August 2005, I wrote an article in the Age—of all places—in which I responded to the Harvey and McManus case. Harvey and McManus are Herald Sun journalists. The position I took then was:

In a healthy democracy, it is hard to believe that a journalist might be imprisoned for accurately reporting a story of significant public interest that poses no threat to national security.

And yet we are faced with the prospect of contempt of court and the jailing of two journalists— for the reporting of matters of public importance.

A lot has been said about the quality of journalists. Harvey and McManus are responsible and highly respected journalists. But we also need to protect the freedom of expression of journalists who are less responsible and less highly regarded, because, to a significant degree, freedom of the press underpins our society. In the case of Harvey and McManus, their offence was their refusal to disclose sources that assisted them in reporting on cuts in benefits for war veterans. The two journalists revealed the government’s rejection of the recommendations of an independent inquiry improving a whole range of benefits for war veterans. Ultimately, the intervention of the Prime Minister and a number of coalition members saw a more generous veterans’ package emerge.

Nonetheless, the issue was one of public interest, which Australians do expect their media to report on. This case highlights the fact that Australia does not provide the guarantees that are essential for the media to serve as an effective watchdog. As I said in August 2005:

No one is above the law. But if Harvey and McManus are punished for protecting their sources then the law is a bad one.

The proper place to remedy such laws is the Parliament.

So I am pleased to be able to speak in the parliament today on a proposed remedy.
The Evidence Amendment (Journalists’ Privilege) Bill 2007 is the result of recommendations made by the ALRC after the Attorney-General asked the commission to examine the operation of the Evidence Act 1995. Over 18 months, the ALRC worked closely with the New South Wales Law Reform Commission and the Victorian Law Reform Commission, both of which were conducting similar inquiries. This bill will give effect to some of the recommendations made by the law reform commissions in the Uniform evidence law report. As I said, in a healthy democracy it is hard to believe that a journalist might be imprisoned for accurately reporting a story of significant public interest that poses no risk to national security. And yet this is the very situation faced by journalists in this country. In Australia, journalists can be punished with contempt of court charges and, ultimately, jailed for upholding their ethical obligation not to disclose confidential communications made to them in their professional capacity.

It is not always a matter of taking things to an ultimate. Jail is very hard, but other sanctions can be applied, such as the recording of a conviction, which can impact on a journalist’s capacity to earn a livelihood and to execute their profession. Currently, if the court compels a journalist to reveal the identity of a confidential source, the journalist has no legal basis on which to refuse. The consequences of such a situation have been driven home to Australians over the last 15 or so years. As a result of standing by the journalists’ code of ethics to protect confidential sources in all circumstances, several Australian journalists have found themselves facing contempt of court charges. Tony Barrass, a senior journalist with the West Australian, was sentenced to a jail term and fined $10,000 for refusing to reveal a source in the Australian Taxation Office. That is one notable example, and Harvey and McManus is another. I believe it is wrong that journalists can legally be coerced to breach their ethical code and reveal their sources.

The current tensions between the ethical and legal obligations of journalists jeopardise the freedom of the press and the public’s right to be informed. This bill seeks to address this tension and introduce a new professional confidential relationship privilege. It applies to communications and records made in confidence to journalists acting in a professional capacity. Such legislation would put Australia broadly in step—I emphasise ‘broadly’—with many European countries and American states which have legislated so-called shield laws. These shield laws are designed to create public interest frameworks to protect journalists and their sources. Under common law, only communications made in a relationship between a lawyer and a client are protected from disclosure in court—and it is good to see that the legal profession is looking after itself traditionally and effectively. As a result, courts have refused journalists a justification for declining to reveal their sources. In its examination of the evidence laws, the ALRC has determined that there are a number of social relationships where a public interest could be established in maintaining confidentiality. One of these relationships is that between a journalist and their source.

The insertion of a new division 1A into part 3.10 of the Evidence Act amends the law to recognise a new professional privilege for journalists. I have to emphasise that it is limited to information given in confidence to journalists acting in their professional capacity. Again, it is important to underscore that this amendment does not give unqualified universal privilege to journalists and their sources. What it does is to set out a guided discretion allowing the courts to weigh the probative value of the evidence in the proceedings and the nature of the offence.
against likely harm to the protected confider in adducing the evidence. The court will also be asked to deliberate whether the public interest is best served by directing disclosure of the evidence or through the preservation of the confidence privileged to the journalist. I regard it as being implicit—and it possibly should be explicit—that the notion of it being in the public interest to protect freedom of the press and the public’s right to know is something that governments may care to incorporate in this act in future.

The court will be required to give the greatest weight to risks to national security—that is, Australia’s defence, security, international relations or law enforcement interests. Proposed subsections (1) to (4) of proposed section 126B provide the circumstances for the exclusion of evidence of protected confidences. These amendments may allow the court to direct that evidence not be adduced if doing so would reveal the identity of the confider or if that identity could be ascertained through the disclosure of information contained in the evidence. In addition, it is important to note that these amendments allow that the court may give such a direction upon the request of the confider or the confidant or, alternatively, at the court’s own discretion. The court must further direct that the evidence not be adduced if it is satisfied that harm would likely be caused to the protected confider if the evidence is adduced and where the nature of that harm outweighs the probative value of the evidence.

Proposed section 126B(4) requires the court to take into account a number of matters of importance. These include the importance of the evidence to the proceedings, the nature and gravity of the offences and the nature of the subject matter of the proceedings, the likelihood of harm that would be caused to the protected confider if their identity were to be revealed and the availability of obtaining other evidence related to the information disclosed by the protected confidence. While the court must consider the matters listed in proposed section 126B, it will not be limited to these matters. This expands the discretionary powers of the court, with the intention of providing further protection to journalists and their sources. Proposed division 1A of part 3.10 also instructs the court to state its reasons for giving or refusing to give a direction regarding the adducing of evidence. I believe that this enhances the transparency of the proceedings, and I think that this is important.

The bill does not create a true privilege. It is based on the premise that such a privilege would be inappropriate in certain circumstances which justify the loss of the professional confidential relationship privilege. For example, the bill states that confidences should not be protected where the communication was made, or the contents of a document prepared, in the furtherance of the commission of a fraud or other serious criminal offence or when an offence or the commission of an act renders a person liable to a civil penalty. If the court determines that one of these circumstances applies then the court can direct a witness to answer the relevant question. The proposed division also allows that the court may make orders to limit the extent of possible harm to be caused by the disclosure of protected information by ordering that part or all of the evidence may be heard in camera or by making suppression orders.

The Evidence Amendment (Journalists’ Privilege) Bill also makes consequential amendments to three further bills. There is a new subsection in the Family Law Act 1975 which provides for the circumstances where a child is the protected confider. This amendment provides that the best interests of the child should be a paramount consideration when the court is determining whether or not to direct that confidential information be dis-
closed. Also inserted into the Family Law Act is an instruction as to who may make the claim of privilege on behalf of the child.

The bill also makes changes to the James Hardie (Investigations and Proceedings) Act 2004 and the Proceeds of Crime Act 2002. These amendments provide that the privilege does not apply in situations where legal professional privilege has already been abrogated.

The disclosure of sources is sometimes uncomfortable for all of us—governments and oppositions alike—but the protection of sources is fundamental to the media’s ability to freely inform the public on matters of public interest. The fourth estate, dare I say it, is not perfect, but the discomfort it not infrequently causes politicians has the critical role of holding governments and oppositions accountable through the free availability of information provided to the public and through open debate. The protection of confidential information revealed to a journalist acting in their professional capacity is fundamental to this. Without such protection, the public’s right to know is compromised and the essential flow of information is disrupted. The fact is that, if there is no protection, people may be deterred from sharing significant information with journalists and hence the public at large.

I stand before the House today holding the same firm belief that I recorded in print two years ago—that is, it is bad law which allows for journalists to be intimidated and even compelled to breach their ethical code where it is actually in the public interest that the confidentiality agreement between journalists and their confiders be preserved. This bill goes some way towards protecting this, especially in cases which have no bearing on national security or any other vital overriding public interest. It does not go as far as some would like. The bill will only protect journalists in federal proceedings. It does not provide a non-discretionary shield for journalists, which is defined by statute. It leaves it to the discretion of judges, but I have more respect for the discretion of judges than that of a number of other people. But the bottom line is that it takes us another step in the right direction towards protecting the freedom of the press in Australia. I commend the bill to the House.

Mr KELVIN THOMSON (Wills) (2.08 pm)—I am generally supportive of the Evidence Amendment (Journalists’ Privilege) Bill 2007, which provides a measure of professional privilege to journalists who refuse to name their sources. The bill is modelled on similar provisions in the New South Wales Evidence Act 1995. The key difference is that the New South Wales legislation offers a general protection, whereas the current bill offers protection only to journalists. The structure of the protection allows a judge discretion to refuse to adduce evidence if they believe that the harm the evidence would cause to the source outweighs a range of other considerations, such as the probative value of the evidence. In effect, it would offer the court a discretion as to whether to exclude the evidence and would also allow the court to make a range of ancillary orders to protect the identity of the person. In my view, this appears on the face of it to be a sensible test. It weighs the competing interests of the court to hear evidence from all relevant parties against the right of journalists to keep the confidence of informers. This on its own does not go far enough.

Indeed, Labor has proposed a series of reforms in this area. At its recent national conference, Labor’s national platform was amended to include the following: (1) we would legislate for proper freedom of information laws that enable Australians to access appropriate information about government activities; (2) we would move to implement
the Australian Law Reform Commission recommendations on sedition laws; (3) we would provide shield laws for protecting confidential sources and whistleblowers; and (4) we would review those laws that criminalise reporting of matters of public interest. Without such a full range of reforms, it is clear that the Howard government is not committed to bringing about an open or transparent government. This is a government which is secretive and which has taken every opportunity to shield itself from public scrutiny. We need a fuller set of reforms to ensure open government. In many ways, this bill encapsulates the things that are wrong with this government and how flawed it is. It is essentially too little, too late.

If you look at the nature of the proposed legislation, you will see it is very restricted in its scope in that it relates only to journalists. There is no protection for whistleblowers or what are now known as public interest disclosures. The government has been dragged kicking and screaming to do something, despite the fact that there have, in effect, been similar and indeed better laws for many years in other jurisdictions. The legislation has only appeared after enormous media pressure stemming from a particular case, and the government seeks to solve a particularly embarrassing problem rather than operating from first principles.

While I am happy to support this bill, it introduces the minimum reform which the government could possibly introduce and still call it reform. In a nutshell, that encapsulates the nature and character of this administration. In areas where the government is not sincere or fair dinkum, such as global warming, the government’s modus operandi is: do as little as is absolutely necessary, do it at the last minute, only act under extreme duress or pressure or where there is a problem in the polls. Time and again we see this approach from a government which has run out of puff, run out of thinking, run out of genuine concern about the future and run out of the ability to engage in substantive, quality policy reform. If you look at the record of recent months, we saw last-minute water reform, the Murray-Darling $10 billion scheme—

The DEPUTY SPEAKER (Hon. IR Causley)—Order! The member for Wills will come back to the bill.

Mr KELVIN THOMSON—Mr Deputy Speaker, I am happy to do so. The government has essentially succumbed to hubris and arrogance with respect to this legislation. The government fervently hopes that, in passing this most minimal of changes in this area, the public will forget the way in which it has treated issues of access to information and the protection of sources. It demonstrates a contempt for the democratic system and the democratic process—that is, all of us who believe in an independent and professional media as an integral component of a healthy democracy. By addressing the smaller issues and ignoring the bigger issues, the government is acting at the last minute and, in the face of pressure concerning two journalists, doing a little bit of market repair work.

This bill is a last-minute attempt to ameliorate the rising tide of media criticism of this government for its failure to provide adequate protection to Michael Harvey and Gerard McManus, who were just doing their job. What did they do? They simply revealed that the government had failed to deliver $500 million in extra pensions promised to veterans and war widows. When the journalists refused to reveal their sources, they ended up being charged with contempt. That charge has hung over their heads as a form of intimidation and blackmail not just for those individual journalists but by way of example to the profession as a whole. This case has essentially been used to hang the threat of
contempt over other journalists and would-be whistleblowers who might seek to embarrass the government by revealing the truth in the name of the public interest. My fear and belief is that the government has enjoyed the situation of the last couple of years, where journalists have felt intimidated and threatened. The privilege of office does not simply mean a licence to use government coffers and bureaucracy as another marketing mechanism for the government. It is a requirement that we genuinely respect independent sources of thought and expression and that we genuinely treat information as being beneficial in the development of public policy.

It is a matter of concern to me that Australia continues to drop in the international rankings for press freedom. Just last year we saw independent groups such as Freedom House and Reporters Sans Frontieres dropping our ranking for press freedom. We are now in the position of being behind countries such as Namibia. In the modern era the currency of democracy is information, but regrettably the government has an empty wallet to show the public. If you look at the gutting of freedom of information, if you look at the abuse of conclusive certificates to quash legitimate freedom of information requests, these are stark reminders to us all of habitual abuse of office.

The nature of the modern media is that we are increasingly living in an era that could be dubbed ‘rip and read’ journalism. The media is a massive machine that chews through information. In feeding this process, it is all too easy for time-starved and pressured journalists to simply take the convenient path of reporting the latest turn in the scandal of the day or taking what claims are made at face value and simply running claim and counter-claim without any checking. The time allowed for genuine investigation, analysis and digging is dwindling in an age when the public seek entertainment as much as information. We are also well aware of the shortening time frame of the news cycle.

In emasculating freedom of information, the government has removed a vital potential source of media inquiry. This tends to make the media more beholden to other sources of information and it enables the government to engage in what in footy parlance we would call a process of ‘flooding’—where they can drop stories and bombard media outlets with a coordinated campaign of announcements, particularly if there is something embarrassing or awkward to get off the front pages. In cutting off avenues such as freedom of information, the government seeks to snow the media and, in consequence, the public.

The DEPUTY SPEAKER—The member for Wills is again straying from the bill. The bill is about evidence amendment privilege and the amendment talks about whistleblowers and information to journalists. He will stick to the bill.

Mr KELVIN THOMSON—Thank you, Mr Deputy Speaker. The importance of freedom of information is that, without it and without documents being made public, we end up in a situation where people do blow the whistle because they think the public is entitled to be aware of what is actually happening. If you do not have an adequate freedom of information regime, you get the issue of public interest disclosures.

I believe that the media is an important check and balance to the misuse of power. I believe that information plays an essential role in ensuring that we produce good public policy. Rather like the scientific community, which engages in peer review as its modus operandi, the media has a vital role in covering public policy issues adequately so that policies are exposed to scrutiny. Through this kind of process, better policies ultimately win out.
While the bill should be supported, it represents an inadequate first step. If we look at what is ignored, there is no commitment to protecting what are referred to as whistleblowers, so in any case where someone may have revealed confidential information they can be prosecuted and that may still well include any journalists who report the story.

There is indeed a contrast here between the case of Michael Harvey and Gerard McManus on the one hand and Mr Allan Kessing on the other: the whistleblower gets no protection under Commonwealth law even with this change, whereas under New South Wales law there is a 'stepped disclosure' regime where legal protection is extended to disclosures by public servants, provided they meet certain conditions. Nor do we have a commitment to genuine freedom of information.

Our democracy will ultimately require major reforms in this arena, not merely for the sake of protecting journalists or, indeed, whistleblowers, for that matter; rather, it is a major task to build public confidence in our public and civic institutions. Critical in this rebuilding of trust will be creating a culture of accountability which, in turn, rests on creating a culture that is pro disclosure and the opening up of information sources.

This legislation has been the subject of considerable public criticism on the basis that it is inadequate. For example, Fairfax Media spokesman Bruce Wolpe said that, unless the federal shield law was accompanied by whistleblower protection and state shield laws, the new scheme would be missing 'an essential part of the package'. The New South Wales Attorney-General, John Hatzistergos, has noted that federal shield law would be 'inadequate and half-baked' unless it was accompanied by protection for whistleblowers along the lines of the protected disclosure laws in New South Wales.

We have also heard Alexander Brown, head of a national project to reform whistleblower laws at Griffith University, stating that journalists would still be dragged into prosecutions unless the government introduced whistleblower protection laws.

As I have mentioned, the New South Wales system establishes a 'stepped disclosure' regime in which legal protection is extended to disclosures by public servants if they meet certain conditions. This is in stark contrast to the threat facing federal public servants such as Mr Kessing if they make unauthorised disclosures, even if those disclosures are in the public interest. In the case of Allan Kessing, there were disclosures that came from the area of Customs about airport security, and it was reported in the Age that, a week after these disclosures became public, the federal government appointed the British aviation security expert Sir John Wheeler to examine Australia's airport security.

The DEPUTY SPEAKER—The member for Wills is a serial offender. He is off the bill again. If he does it once more I will sit him down.

Mr KELVIN THOMSON—Mr Deputy Speaker, I have to draw to your attention the fact that I am referring to the case of a whistleblower and therefore absolutely speaking to the amendment.

The DEPUTY SPEAKER—You were well off the whistleblower; you were starting to talk about airport security.

Mr KELVIN THOMSON—About the disclosures which were made related to airport security. The government accepted recommendations concerning them. At the same time, however, the Australian Federal Police sought to track down the person who had leaked the reports that had so embarrassed the government. The man ultimately blamed for the leak was Mr Kessing. In March of this year he was found guilty, by a Sydney
District Court jury, of leaking one classified Customs report, in breach of the Commonwealth Crimes Act. In fact, he has no public interest defence available to him. The secretary of the Media, Entertainment, and Arts Alliance said in relation to these matters:

I think there has been a very serious deterioration in the state of freedom of speech in Australia over the past five years ...

The media coalition titled Australia’s Right to Know notes that Australia now lags in the worldwide press freedom rankings compiled by international media organisation Reporters Without Borders. That latest index shows that Australia has slipped two places to 35, behind nations such as Bolivia, which is 16th, South Korea, which is 31st, and Ghana, which is 34th. This slip is reported as having come after a horror few years for advocates of press freedom in Australia. Indeed, the Leader of the Opposition has indicated his support for the media in relation to press freedom issues, saying there is an emerging abuse of conclusive certificates by the federal government and that, when it comes to whistleblowers protection legislation, this also needs to be reviewed in the light of recent cases. Of course, he is referring to the cases of Michael Harvey and Gerard McManus and also the case of former Customs officer Allan Kessing.

It is clear that this legislation is inadequate. We need more in the way of protection for journalists and their sources and we need more in the way of protection for whistleblowers. The present regime will not be adequate to protect whistleblowers. It is part of a series of failures on the part of this government, acting under duress, is doing too little too late.

Mr BROADBENT (McMillan) (2.25 pm)—Today we are debating further protection for journalists and their sources. It has come about, as you have heard from the member for Wills, because of a particular case. The Attorney-General in his second reading speech in the House stated very clearly that it has come from one case. But we as a community, as joint heirs of this nation, look towards our environment and passing onto the future a better world. These freedoms that we are talking about today, including freedom of speech and the public interest, are encompassed by the bill. We need to be as a nation ever vigilant and ever concerned. The fourth estate, the press, has not always made my life comfortable as the representative of an electorate. However, the protection of freedom of the press is a pillar of Australian society that underpins and protects the freedom of the people of this great nation, the Great South Land.

I rise today in support of the Evidence Amendment (Journalists’ Privilege) Bill 2007. The bill demonstrates the government’s commitment to provide professional confidential relationship privilege at the trial and pre-trial stages of proceedings for communications between journalists and their sources. This privilege will assist journalists to reconcile their ethical obligations with their legal duty to provide courts with relevant evidence when requested. In applying the privilege, courts will be required to give consideration of the protection of interests including freedom of the press and the public’s right or need to know. As stated in the Attorney-General’s second reading speech:

This bill implements an important reform to the Commonwealth Evidence Act 1995 by introducing a privilege that will protect confidential communications between journalists and their sources.
The Attorney-General went on to say:

There has been significant recent commentary about the need to ensure and maintain freedom of the press. Currently, except in New South Wales, if a court compels a journalist to produce evidence about a confidential source or information provided by that source, there is no legal basis for the journalist to seek to refuse. Yet, journalists also operate under a strict code of ethics which stipulates a clear obligation to keep a source’s confidence.

This conflict between the legal reality and ethical obligation can lead—and indeed has led—to situations where journalists have been forced to choose between protecting their sources or being charged with contempt of court and facing imprisonment.

This bill seeks to achieve a balance by introducing a privilege—at the trial and pre-trial stages of civil and criminal proceedings—for communications made in confidence to journalists.

Also in that speech, the Attorney said:

The proposed privilege is based on recommendations made by the Australian, New South Wales and Victorian law reform commissions in their Uniform Evidence Law report tabled in this place on 8 February 2006. The report proposed a privilege based on New South Wales provisions that have been operating since 1998.

He went on to say:

In the interests of achieving a national, uniform approach to this issue the Australian government has accepted the recommended model.

Further, the Attorney said:

The new privilege will not be absolute. The proposed provisions set out a guided discretion for the court to exclude evidence which would disclose confidential communications made to a journalist who is under an ethical obligation not to disclose that information. The protected information can be information provided to the journalist, information about the source’s identity, or information that would make it possible for that identity to be discovered.

There were five points the Attorney made:

In deciding whether to exclude the evidence, a court will take into account:

- the nature of the proceedings
- the importance of the evidence
- the likely harm to the journalist’s source
- other means to obtaining the evidence, and
- the means available to limit the impact of disclosure.

It needs to be written into this speech.

Further, the privilege will not apply if the communications between the journalist and his or her source involve misconduct such as—

The SPEAKER—Order! It being 2.30 pm, the debate is interrupted in accordance with the resolution agreed to previously. The debate may be resumed at a later hour and the member will have leave to continue speaking when the debate is resumed.

MINISTERIAL ARRANGEMENTS

Mr HOWARD (Bennelong—Prime Minister) (2.30 pm) —I inform the House that the Minister for Veterans’ Affairs will be late for question time today. He is at Fairbairn airport to farewell the Philippines President. The Minister for Defence will answer questions on his behalf.

QUESTIONS WITHOUT NOTICE

Climate Change

Mr RUDD (2.30 pm)—My question is to the Prime Minister. Prime Minister, is it the case that, according to the government’s own figures, in 1996 Australia’s greenhouse gas emissions were 510 megatons, in 2005 Australia’s greenhouse emissions were 559 megatons and in 2020 Australia’s greenhouse emissions are projected to be 702 megatons—an increase of 27 per cent on 1990 levels? Why has the government not acted to reduce greenhouse gas emissions over the last 11 years?

Mr HOWARD—I will check the figures. There is no doubt that our greenhouse gas emissions have risen. It is wrong of the
Leader of the Opposition to assert that we have not acted over the last 11 years. Let me take the House through what this government has done. Our programs and policies have directly supported or generated investments, for example, in renewables in excess of $3.5 billion. In 1999 the Renewable Remote Power Generation Program was established. A further $123 million was announced on 14 August last year, bringing total funding for the program to $328 million. In 1999 the government introduced the Photovoltaic Rebate Program. On 8 May 2007 a further $150 million was announced to extend the program as part of the recent budget, bringing the total funding to $202 million.

In the 2004 energy white paper, the government announced that $75 million had been provided for the Solar Cities trials. Adelaide was announced as the first solar city in August 2006; then Townsville, on 26 September 2006; Blacktown, on 13 November 2006; and Alice Springs, on 16 April 2007. On 25 October 2006, $75 million was allocated to a large-scale solar concentrator in north-west Victoria under the $500 million low emissions technology development initiative. On 1 November 2006, $14.5 million was allocated to solar energy projects under the Asia-Pacific Partnership on Clean Development and Climate.

The Australian government have provided industry grants of over $28 million for geothermal energy projects and recently announced the Geothermal Industry Development Framework. These grants include the following. In 2007 we gave $5 million to Petratherm Ltd to further develop its groundbreaking approach of using geothermal energy at its Paralana site in the Flinders Ranges. In 2006 the government awarded $1.2 million to Proactive Energy Developments Ltd for a project that aims to develop an innovative regenerator for the production of low-cost, zero-emission electricity from geothermal reserves. Also in 2006 we gave $2.4 million to Geothermal Resources Ltd for a project in South Australia to map granites to assess geothermal energy potential.

In 2005 the government gave $3.9 million to Scope Energy Ltd for a proof of concept project on the Limestone Coast which will lead to a 50 MW geothermal power plant. Again in 2005 the government awarded $5 million to Geodynamics Ltd. In 2002, $6.8 million was awarded to Geodynamics Ltd to develop a deep underground heat exchanger to harness hot dry rock geothermal energy. In 2000 the government granted $790,000 for the exploration of hot dry rock resources in the Hunter Valley. In 2007, $205,000 was awarded for the development of a COAG geothermal energy technology roadmap. These figures totally repudiate the oft-repeated claim of the opposition leader that this government has done nothing about these matters over the last 10 years.

There is one thing, let me say, that this government has not done over the last 10 years, is not now doing and will not do in the future, and that is what the shadow minister for the environment has done—commit himself and thereby his party to a 20 per cent reduction in greenhouse gas emissions by the year 2020. On 8 March 2005 this is what the shadow minister had to say. He was urging the government to do certain things and he said it should implement a national target and plan to reduce greenhouse emissions by at least 60 per cent of 1990 levels by 2050, with a 20 per cent target by 2020 to show real progress. Does the member for Kingsford Smith—

Mr Albanese—Mr Speaker, I rise on a point of order.

Mr HOWARD—I was asked a question!
The SPEAKER—The Prime Minister will resume his seat. The Manager of Opposition Business has a point of order.

Mr Albanese—I draw your attention to standing order 65(b). The Prime Minister’s own backbench are not listening to him and they should.

The SPEAKER—The member will resume his seat. The Prime Minister is in order. I call the Prime Minister.

Mr Howard—What the member for Kingsford Smith was doing in that interview was saying that it would be a good idea if we set ourselves a target of 20 per cent reduction by 2020. I wonder if the member for Kingsford Smith has any idea of what that would do to the Australian economy. I wonder if the member for Kingsford Smith has any idea of what that would mean. He cannot deny it. He tried to deny it on the Laurie Oakes program on 1 April this year and he dug himself in even deeper when, amongst other things, he said:

Now, what the figure is, you know, different reports say but it’s somewhere in the 20-25-30 per cent figure.

For a reduction of that magnitude by 2020—that is, in 13 years time—he is arguing that it should be a 20 per cent reduction to show real progress. I do not think the member for Kingsford Smith has the faintest idea of the damage that would do to the Australian economy.

Exports

Mr Vasta (2.37 pm)—My question is addressed to the Prime Minister. Would the Prime Minister inform the House of the latest trade statistics released today. How do these trends compare with last year’s?

Mr Howard—I thank the member for Bonner for his question. I am pleased to inform the House that today’s trade figures show that the trade deficit continues to narrow despite two things running in the opposite direction: namely, the appreciation of the Australian dollar and the dramatic effect of the drought on rural exports. The trade deficit in the 12 months to April 2007 was $2.2 billion lower than the deficit for the 12 months to April 2006. The value of exports rose by 3.2 per cent over the year to April 2007. This is despite a fall in rural export volumes by 5.7 per cent in the December quarter, driven by a 31.4 per cent fall in cereal grain exports. Australia’s trade deficit has continually improved over the past two years. The trade deficit declined from $22.6 billion in 2004-05 to $14.5 billion in 2005-06. While there are two months of trade balance figures to come for the current financial year, the trade deficit for the first 10 months of 2006-07 is less than half, indeed only 43 per cent of the trade deficit that was recorded in 2004-05.

The trade deficit narrowed significantly from $1.6 billion in March to $962 million in April, partly driven by a recovery in mining exports following cyclone disrupted production in Western Australia last month. Imports also eased in April following very strong imports activity over the past year. In the period ahead, exports are expected to pick up, supported by the recent period of record business investment. I can tell the House that private new capital expenditure statistics released today show that private new capital spending was a record $19.5 billion in the March quarter 2007. This compares with just $8 billion in the March quarter in 1996. Private businesses have invested more than $110 billion in the future of the Australian economy over the past year and a half alone.

Can I finish on this note: strong private new capital expenditure is not limited to the mining sector. With other industries accounting for $14.2 billion, or 73 per cent, of private business investment in the March quarter, those figures indicate very strongly that
the Australian economy is performing in a powerful way right across the spectrum. There is the argument that it will all fall over when the mining boom ends. Of course that presupposes that the mining boom will end. We can be certain it will end if AWAAs are destroyed. I think those figures indicate that it is a broadly based economic strength that we are dealing with at the present time and not one narrowly based on an admittedly stellar performing mining sector.

DISTINGUISHED VISITORS
The SPEAKER (2.41 pm)—I inform the House that we have present in the gallery this afternoon visitors from the parliament of Vietnam, led by Dr Nguyen Si Dung. On behalf of the House, I extend a very warm welcome to our visitors.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE
Climate Change
Mr RUDD (2.42 pm)—My question is to the Prime Minister. I refer to the Prime Minister’s answer to my previous question. Given the list of 13 or so measures the Prime Minister referred to in his previous answer, will the Prime Minister inform the House by how much these and other measures introduced by the government have reduced Australian greenhouse gas emissions?

Mr HOWARD—I do not carry that figure around in my head. I do not think the Leader of the Opposition does either. I do not think anybody carries it around in their head. Can I make the point that all of the experts that I talk to on this subject say that any action taken now in relation to greenhouse gas emissions will take years into the future to produce a reduction in the growth of greenhouse gas emissions. I think it would logically follow that action taken over the last 10 years would not begin to show up for some years into the future. If the Leader of the Opposition has some magical alternative to that piece of reasoning, I would be interested to hear it.

Economy
Mr TICEBURST (2.43 pm)—My question is addressed to the Treasurer. Would the Treasurer outline to the House recent data on business, engineering and construction investment. What does this data indicate about Australia’s economic outlook? Are there any threats to these levels of activity?

Mr COSTELLO—I thank the honourable member for Dobell for his question. The Australian Bureau of Statistics today released their Private new capital expenditure and expected expenditure publication. What it showed was that private capital expenditure rose 9.1 per cent in the quarter and is now 4.7 per cent higher over the year. What this is telling us is that capital expenditure in the Australian economy is very, very strong and is continuing to go in, and will drive future growth in the Australian economy. The Construction work done series showed that we are now at the highest level of construction work done since the series began in 1986. Engineering construction, in particular, which rose 10.9 per cent over the year, is now at the record high of $44.3 billion. Building work, which rose 7.5 per cent over the year, is now at $61.1 billion—the highest since that series began in September of 1976.

This strength in business investment, of course, is being matched by Commonwealth new investment in infrastructure. The Commonwealth has announced that it will build on its AusLink 1 program with $15.8 billion of investment, with a new AusLink 2 program of $22.3 billion of investment from 2009 for a five-year period. The Commonwealth also has, of course, its $10 billion plan in relation to water security, and in this year’s budget I announced the establishment of the Higher Education Endowment Fund, a
fund which will grow in perpetuity to fund Australia’s first-class infrastructure in our universities. So what we are seeing in the Australian economy at the moment is a surge in investment which is building future capacity. That is good because most of the unused capacity in the Australian economy has been soaked up in recent years, with unemployment falling to 32-year lows.

It is very, very important when you come to invest in new plant and equipment or you come to invest in engineering construction or you come to invest in building and structures that you know, when you get on with your building or construction work, that you will be able to do that without fear of disruption, black ban or any other kind of threat to such investment. That is why the ABCC, the Australian Building and Construction Commission, has been so important for giving confidence to Australian builders. That standing commission has done more than any other institution to wipe out the tactics of fear and blackmail on commercial building sites and it has given investors a lot of confidence to go out and engage in all of this new investment.

I know the Australian Labor Party opposed the establishment of the ABCC right up until yesterday, when it announced a reprieve. The ABCC is still under threat of execution but there has been a stay of execution until 2010. So the Labor Party’s view apparently now is that it will be needed but it will not be needed for very long, because it will be executed in 2010. For the life of me, I cannot understand the logic of this position. If the ABCC is necessary, why wouldn’t you leave it in place for good? Why wouldn’t you have the ABCC there to clean up the kind of thuggery on commercial construction sites which is exemplified by Dean Mighell of the ETU? It has been very interesting listening to the pathetic attempts from the Deputy Leader of the Opposition and others on radio in Melbourne to try and explain why poor old Dean got expelled from the Labor Party yesterday. They cannot say that threatening builders led to his expulsion, because the moment you said that threatening builders led to an expulsion you would have a mass exodus from the ALP. You would have to expel all of them. So, apparently, Dean got expelled for bad language. That was Dean’s offence: bad language got him expelled from the Labor Party.

Mr McGauran interjecting—

Mr COSTELLO—Which Kevin’s bad language?

Mr McGauran—Kevin Reynolds.

Mr COSTELLO—I thought you were talking about the bad language of another Kevin for a moment. He was apparently expelled for bad language. Dean should have been expelled, there is no doubt about that, and Dean should have been expelled for his tactics of intimidation on building sites. That is what Dean Mighell is responsible for and he is not the only one. The CFMEU have made this a habit on commercial building sites and, if the Australian Labor Party wanted to do something about stopping intimidation on building sites throughout the whole of Australia, they would take a stand against intimidation, they would make it clear and they would expel all of those union leaders that have engaged in it.

Climate Change

Mr RUDD (2.49 pm)—My question is to the Prime Minister. I refer to the Prime Minister’s previous answer, when he said that he challenged the opposition on what else could have been done over the last decade to reduce Australian greenhouse gas emissions. Why did the Prime Minister abandon the National Greenhouse Strategy agreed by a cabinet subcommittee in August 2000? Why did the Prime Minister reject a cabinet submission from the Treasurer in 2003 propos-
ing the establishment of a national emissions trading scheme? Why did the Prime Minister shut down the emissions trading division of the Australian Greenhouse Office? Prime Minister, why did the government sit on its hands for the last 11 years and do nothing about the introduction of an emissions trading scheme—the critical missing market element in Australia—to bring greenhouse gas emissions down?

Mr Howard—In typical fashion, the Leader of the Opposition has misquoted what I said, but let me move on from that. Let me return for a moment to the previous question the Leader of the Opposition asked, which was the basis of the question he has just asked, where he invited me to tell him and the House what impact the multiple measures I had outlined have had on greenhouse gas emissions in Australia. I indicated to him then that any measures that have been taken over the past few years are unlikely to show up in relation to greenhouse gas emissions for some years, just as measures taken now are unlikely to have an impact for some years into the future. I invited him, if he had some evidence to the contrary, to give it to me. Given the way in which the Leader of the Opposition has championed the Kyoto protocol and has criticised this government for not signing the Kyoto protocol, I think it is very interesting to have a look at the way in which countries that have ratified the protocol have performed in relation to the target.

Let us have a look at some of these countries. Canada was required to have a reduction of six per cent and the actual change in emissions between 1990 and 2004 has been 62.2 per cent—and the new Canadian government said when it came to office that that target was absolutely unachievable. Spain was required to reduce by eight per cent; it has gone over by 47.9 per cent. Ireland was required to reduce by eight per cent; it has gone over by 22.7 per cent. Japan was required to reduce by six per cent; it has gone over by 5.8 per cent. Portugal was given a target of 127 per cent and is 20 per cent over. Italy was given 93.5 per cent and is 20 per cent over. Norway was given 101 per cent and is 22 per cent over. Denmark was given 79 per cent and is 25 per cent over. And Austria was given 87 per cent and is 28 per cent over.

By contrast, this country is on track to meet its greenhouse gas emission targets that were set by Kyoto. All of the lectures, all of the sermons, all of the criticism falls away when you look at what has been achieved. This country is doing far better than many of those who ratified the protocol. This country is doing better than many of those who lecture about it. This country is doing a lot better than the Leader of the Opposition ever dares to give it credit for.

Workplace Relations

Mrs Gash (2.53 pm)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services: would the Deputy Prime Minister inform the House how union activity is impacting on productivity in the shipping sector and how this union activity is hurting working families and the Australian economy?

Mr Vaile—I thank the member for Gilmore for her question. The member for Gilmore probably, like the rest of us, read with astonishment in the Australian this morning the article about shipowners having to take the MUA, the Maritime Union of Australia, to court for the right to unload their vessel in Port Kembla. The member for Gilmore has always been a strong supporter of the reforms that our government has introduced as far as workplace relations are concerned—in particular, the reforms that were introduced onto the waterfront that have delivered some of the greatest productivity gains to our economy of all the reforms.
that have been introduced in the last 11 years.

We have a situation in Port Kembla where a vessel, the *Capo Noli*, is stranded and unable to unload its cargo. Interestingly, its cargo is building materials—much needed building materials for the domestic economy and the building industry in Australia. Yesterday we had the member for Sydney and the Labor Party move an MPI about the affordability of housing in Australia, and here they are with their union mates putting up the costs of building materials in New South Wales by holding up this vessel and causing demurrage costs, which ultimately will be passed onto the consumer—the young couple who want to build a house in New South Wales.

It should be exposed for what it is: the ALP talks about boosting productivity and being economically conservative, yet it is supporting an organisation, a militant union, that is adding to the cost of housing in New South Wales by holding up this vessel and causing demurrage costs, which ultimately will be passed onto the consumer—the young couple who want to build a house in New South Wales.

We have the hypocrisy of the Labor Party moving an MPI yesterday about housing affordability, yet they are decreasing productivity; they are adding to the cost of housing. We all know, as a result of some of the public comments of their union allies in the last week, what is likely to happen under a Labor government if it were ever to get into power in Australia. First, it was Greg Combet, when he said that the unions used to run Australia and it would be a good thing if it was like that again. We had it last weekend from Kevin Reynolds, who has been salivating about getting rid of the ABCC and what that will do—of course, we saw a backflip of three years on the ABCC straight after they ran the MPI on housing affordability yesterday. Yesterday, Dean Mighell was asked to leave the Labor Party for using bad language instead of holding a gun to the heads of bosses in negotiations over their situation in the workplace, and now Paddy Crumlin in the MUA is holding up much needed building materials for the housing market in New South Wales to keep the cost of housing down.

There is no doubt that, under a Labor government with the reins being pulled by the union movement in Australia, we would see productivity fall, costs rise, jobs lost and our standard of living decline. Australia simply cannot afford to put our prosperity at risk by electing a Labor government that would be controlled by the union movement in Australia.

**Climate Change**

**Mr Garrett** (2.58 pm)—My question is to the Prime Minister. Prime Minister, did a taxpayer funded opinion poll in 2003, which has not been publicly released, find that four per cent of Australians believed that climate was ‘a top-of-the-mind issue’? Did a similar secret taxpayer funded poll in 2006 find that figure had dramatically increased to 30 per cent, and that 88 per cent believed climate change was an important political issue? Will the Prime Minister confirm the existence of this taxpayer funded polling? Isn’t it the case that the only thing the Prime Minister is concerned about is the change in political climate, not climate change itself?

**Mr Howard**—Well, I could ask a rhetorical question: I thought we weren’t meant to be doing these opinion polls. I can tell you that I do not know—I will find out—whether any government funded opinion polls produced those results or not. I am very happy to find out and to let the honourable member
know. I am perfectly happy to do that. It does not alter the fact that you want a 20 per cent cut in emissions by the year 2020. Those are the figures that are relevant. I do not think the member for Kingsford Smith really knows what he committed his party to when he made that promise. I think the member for Kingsford Smith, instead of examining the entrails of any opinion poll, ought to go away and do his homework and work out what the implications would be for Australian industry, Australian consumers, Australian motorists and a whole lot of other groups in our community of cutting greenhouse gas emissions by 20 per cent in 13 years on 1990 levels. I wonder: does he really know what the implication of that is? Does he really know what he has committed his party to by making that statement?

Workplace Relations

Mr BARRESI (3.00 pm)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister inform the House how the Australian building and construction industry has contributed to a more productive economy? Are there any threats to the maintenance of the rule of law in the construction industry and what is the government’s response?

Mr HOCKEY—I thank the member for Deakin for his question and also for his excellent work in helping to prepare the fairness test for introduction—it was passed by the House of Representatives yesterday. There is no doubt that the Australian Building and Construction Commission has made a substantial contribution to the nation’s economy. Strike levels in the building industry have fallen to record lows. Before we set up the industry watchdog it cost 30 per cent more to put up a building in Melbourne than it cost in Sydney. That is because of the risk and the militancy associated with people from the ETU and others in Melbourne in particular. What we do know is that the CFMEU, which is the construction union which the Labor Party have as an affiliate, is front and centre of Labor Party policy in relation to the building and construction industry. The CFMEU funds the Labor Party. The CFMEU runs their campaigns. The CFMEU helps to support the candidates. As the Treasurer said, Kevin Reynolds is waiting for the big day when he can go into every building site.

This is recognised by the Master Builders Association of Western Australia. They have said that now when you are preparing to tender for a construction contract you have to build a ‘risk of Rudd’ premium into that contract because the risk of the Labor Party’s industrial relations laws is so significant and could increase costs. They went on to talk about how the Labor Party have form when it comes to pretending to make changes to the building industry watchdog. Yesterday, if you believed the media and the spin of the Deputy Leader of the Opposition, you would have thought that they were backing away from their policy to abolish the construction industry watchdog. You would have thought that a stay of execution from 2007 to 2010 may have been a backing away from their policy. The Labor Party have form on this. You have to look at what the Labor Party do, not what they say.

In Western Australia when the Labor Party came into government they abolished the building industry watchdog. They did it quite cleverly—they took away funding and basically kept the inspectors in a room and never let them outside the door. Bob Carr, when he came into government in New South Wales, did exactly the same thing with the building industry watchdog. He gutted the watchdog. All was at the behest of the construction unions.
So how convenient it was for me to come across an article from the *Australian* where the true colours of the Deputy Leader of the Opposition were reflected—suffering that moment of hubris after the delivery of the industrial relations policy. It was reported in the *Australian* on 2 May 2007:

Wilhelm Harnisch, chief executive of Master Builders Australia, said the Deputy Opposition Leader had told him that the powers of the Australian Building and Construction Commission were so draconian that it needed to be scrapped. She said she wanted to strip out so-called interrogation powers of the ABCC, which she saw as akin to interrogating terrorists ...

This is the body that she now pledges to keep until 2010. Only a month ago the Deputy Leader of the Opposition was saying that it had such outrageous powers that it was akin to interrogating terrorists and now she is trying to pretend that she is so enamoured with this body that she is going to keep it for awhile. The article goes on to say:

Ms Gillard allegedly made the comments at a special briefing to Mr Harnisch and three other business leaders during the ALP’s national conference on Saturday, soon after releasing detail of Labor’s industrial relations policy.

The truth of the matter is this: you have to look at what the Labor Party do, not what they say. They are trying to engage in political trickery. They are trying to get away with spin not substance. The Labor Party believe in killing the construction watchdog. They believe in replacing it with people like Kevin Reynolds, Dean Mighell and others who are going to have the power and influence to deliver the outcomes they want and not the outcomes that work in the best interests of the construction industry or, more importantly, in the best interests of Australia’s construction workers.

**Climate Change**

**Mr ALBANESE** (3.05 pm)—My question is to the Prime Minister. I again refer him to his government’s secret 2006 taxpayer-funded opinion poll. Will the Prime Minister confirm the existence of this poll? Was this polling provided to the advertising agency as part of the brief for the government’s non-existent climate change advertising campaign? Did the poll find that 94 per cent of respondents agreed that the climate was changing and that the number of respondents who believed the government had the prime responsibility to act had almost doubled between 2003 and 2006, the same time that the government changed its rhetoric on climate change? Isn’t it the case that the only thing the Prime Minister is concerned about is the changing political climate, not climate change itself?

**Mr HOWARD**—I have already indicated in answer to the Leader of the Opposition that I do not know whether that poll exists or not, but I will find out.

**Mr Albanese interjecting**—

**Mr HOWARD**—Well, he may. I do not know who has got it. I will make inquiries. You excite my interest and fascination, which is a change.

**Workplace Relations**

**Mr CAMERON THOMPSON** (3.07 pm)—My question is to the Treasurer. Would the Treasurer inform the House of the importance of a flexible workplace relations system to Australia’s prosperity? Is the Treasurer aware of any threats to that system?

**Mr COSTELLO**—I thank the honourable member for Blair for his question. As members of the House would know, the unemployment rate in Australia is now at a 32-year low of 4.4 per cent. Over the year to April, 310,000 jobs were created. This job creation has occurred at a time when real wages have been increasing. Real wages have increased by 19.8 per cent over the term of the coalition government. You could not have a situation where you had such strong
job creation and real wage growth if you did not have a flexible industrial relations system which could handle it.

One of the great threats to the prosperity and the continuing growth of the Australian economy would be any return to pattern bargaining as advocated by the ETU’s Dean Mighell and the Labor affiliated union of the Communications, Electrical and Plumbing Union of Australia. The Leader of the Opposition at this stage will engage in prolonged conversation with his frontbench in an attempt to try and ignore Dean Mighell and the problems that he has with the Communications, Electrical and Plumbing Union of Australia. He will try and keep his back turned and he will try and talk for as long as he possibly can so that he can engage in confected humour and laughter rather than engage, as he should be engaging, with the problems of Dean Mighell and the Labor affiliated Communications, Electrical and Plumbing Union of Australia.

Yesterday the Leader of the Opposition said that he was going to pay back the $3.8 million that that union has given to the Australian Labor Party. Imagine what the ETU is going to do when it receives the $3.8 million back from the ALP. What do you think the ETU is going to do with it? The ETU will go round and run the Labor campaigns for all of its candidates in all of the seats. I think they have got one in Dobell, have they not? They have got a unionist who is coming up from Melbourne in Dobell. They have got an ETU in the electorate of Deakin. They have got Kevin Harkins, the ETU candidate in Franklin. I do not know if the current member for Franklin is here, but, if he is not, maybe we should just quote some of the things he has had to say about the endorsed Labor candidate for Franklin, Kevin Harkins. This is what Harry Quick, the member for Franklin, says about Kevin Harkins:

Kevin Harkins is a foul-mouthed bullying trade union person of the worst ilk.

It sounds like he comes right out of the ETU stables. The Leader of the Opposition will say that he will expel Dean Mighell for bad language, but will he disendorse Kevin Harkins who is ‘a foul-mouthed bullying trade union person of the worst ilk’? Will he do that? The other thing that Harry Quick says about Kevin Harkins is that he is ‘a Victorian interloper, a union official who has come down to run the Electrical Trades Union in Tasmania’. Dean Mighell, who allegedly now has nothing to do with the Labor Party because he has been expelled, has sent one of his henchmen down to Tasmania who is the endorsed candidate for the federal Labor seat of Franklin.

I was very interested to read in the Herald Sun today—bear in mind that the Leader of the Opposition does not think much of Dean Mighell; he is going to give the $3.8 million back—that Dean Mighell and his union are affiliated to the Victorian ALP. Dean can send delegates directly onto the floor of the ALP conference and Dean pays affiliation fees direct to the Victorian ALP. The Leader of the Opposition would say: ‘Oh, we are not going to have anything to do with Dean. He is a man who uses bad language.’ The Herald Sun today reports ALP Victorian Secretary Stephen Newnham. I welcome the fact the whip is trying to block the camera up. Mr Speaker, could the sight-screen move to the right, please?

Honourable members interjecting—

The SPEAKER—Order! Members are holding up their question time.

Mr Albanese—Mr Speaker, on a point of order: if it would help, Mr Speaker, we will hold up a mirror here.

The SPEAKER—The member will resume his seat. That is a frivolous point of order.
Mr COSTELLO—Oh, Mr Speaker!

Government members interjecting—

Mr COSTELLO—Yeah, I know. I know—it won’t go too well if he’s delivering the punch lines, I can tell you that! I had one sight-screen for my office and one for my leg-break, Mr Speaker! The Victorian Secretary of the ALP, Stephen Newnham, said that:

... ETU money would not be used for the federal election campaign.

But Mr Newnham confirmed the state branch would keep accepting ETU funds.

Government members interjecting—Oh!

Mr COSTELLO—Oh, Mr Speaker! Very tricky, this Leader of the Opposition, isn’t he? He goes out there and he says he is going to pay all of the money back—the $3.8 million—which we will believe when we see. It gets paid back so that the ETU can run the campaigns directly for their candidates. And the Victorian ALP keeps taking the ETU money. If this Leader of the Opposition wants to distance himself from Dean Mighell and the ETU, he will direct Stephen Newnham not to take the money from the ETU, not to take the affiliation fees; he will put his money where his principle ought to be.

Climate Change

Mr ALBANESE (3.15 pm)—My question is again to the Prime Minister. Is the Prime Minister aware of comments made by the Republican Governor of California, Arnold Schwarzenegger, on 11 April 2007—

Government members interjecting—

The SPEAKER—The Manager of Opposition Business has the call and he will be heard.

Mr ALBANESE—Thanks, Mr Speaker.

Mr Baldwin interjecting—

The SPEAKER—The member for Paterson!

Mr ALBANESE—Would you like me to start again, Mr Speaker?

The SPEAKER—The Manager of Opposition Business will start his question again.

Mr ALBANESE—Thanks, Mr Speaker. Is the Prime Minister aware of comments made by Republican Governor of California, Arnold Schwarzenegger, on 11 April 2007, regarding the fate of political leaders who do not respond to climate change? He said:

Your political base will melt away as surely as the polar ice caps—I can guarantee you of that. You will become a political penguin on a smaller and smaller—

The SPEAKER—Order! The member will come to his question.

Mr ALBANESE—

... ice floe, drifting out to sea.

The SPEAKER—The member will come to his question.

Mr HOWARD—I follow the comments of the ‘Governator’ very closely, but I have not seen that one. I do know this—

Mr Albanese—Would you like me to table this?

Mr HOWARD—You can do whatever you like with it; I don’t mind.

Mr Albanese interjecting—

Mr HOWARD—Table it; yes, table it!

Mr Albanese—Mr Speaker, I seek leave to table the speech of the governor.

Leave granted.

Honourable members interjecting—

The SPEAKER—Order! The Prime Minister has the call.

Mr HOWARD—I have not heard of that, but I am interested to read it. But I do know this: the state that he governs derives 28 per cent of its electricity from nuclear power.
The **SPEAKER**—Order! Members are holding up their own question time.

**Workplace Relations**

**Mr RANDALL** (3.17 pm)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister inform the House what protections are in place in the Workplace Relations Act to prevent workplace coercion and bullying? Is there a culture of bullying in this section of the union movement and what is the government’s response?

**Mr HOCKEY**—I thank the member for Canning for his question and note that the unemployment rate in 1996 in Canning was 9.1 per cent and today it is 4.5 per cent—good news. Good news for workers.

This government has enshrined in law the right of all employees to be represented by a union. And we have also enshrined in law the right of someone to choose not to be a member of a union. And 80 per cent of Australia’s workforce has chosen not to join the trade union movement. Nobody can be bullied or forced into joining a union. This is a fundamental policy difference between the coalition government and the Labor Party, which assumes that one day it will get into government.

Labor allows the unions to use coercion for one simple reason: it is because the union bosses run the Labor Party. And of course what we saw yesterday in relation to Dean Mighell was an act of political trickery from the Leader of the Opposition. The Leader of the Opposition said that he had effectively sacked Dean Mighell from the Australian Labor Party. And yet Dean Mighell’s ETU remains affiliated to the Labor Party. The unions control 50 per cent of the votes on the floor of the conference of the Labor Party in Victoria. The ETU is a substantial part of that, and Dean Mighell remains the head of the ETU.

The Leader of the Opposition said yesterday that he was going to return the campaign funding received from the ETU back to the ETU because it was tainted money. And yet the Leader of the Opposition is happy to have ETU candidates run in key seats and he is also happy to have the ETU continue to fund the Labor Party infrastructure through its affiliation.

I wondered if it could get worse in relation to Dean Mighell. And I thought to myself when I read the paper this morning that the actions of Greg Combet, the endorsed Labor Party candidate for Charlton, were appalling. He in fact was at that disgusting meeting held at the Dallas Brooks Hall on 15 November 2006. Greg Combet was there. He was in the audience when Dean Mighell suggested that the workers and the employees of the Australian Building and Construction Commission could not be left with people’s children—an outrageous claim. And Greg Combet, by his silence at that meeting, did not condemn the actions of Dean Mighell. But, just in case he missed it, the Deputy Head of the ABCC wrote to Greg Combet, as the head of the ACTU, and demanded that Greg Combet apologise to the hardworking public servants of the ABCC who had been accused of potential paedophilia. And do you know what Greg Combet did? Nothing. Nothing. Greg Combet stands condemned by his silence. Greg Combet is someone who does not walk away from a media interview, and yet this morning on ABC radio Greg Combet sent out a spokesman with tricky language to claim that he was not there when the comments were made.

Let me tell you that, no matter what the member for Grayndler might pretend to do, Greg Combet stands condemned for his inaction and his silence. If there is any doubt about the relationship between Dean Mighell and Greg Combet, look no further than the ETU newsletter and a photo captioned, ‘A
contracting mass meeting to remember’. Everyone will remember that meeting on 15 November, because this is a photo of Dean Mighell and Greg Combet standing side by side at that meeting. If you were to believe Greg Combet’s spokesman this morning, he was not there.

Opposition members interjecting—

Mr HOCKEY—This is photoshopped, is it? Greg Combet has been photoshopped in? No. The truth is that Greg Combet was there and he did nothing about it. Never a truer word was said than what Dean Mighell said yesterday on the ABC after he was allegedly sacked. He said: ‘I don’t think it makes any difference whether I am in or out of the Labor Party.’ Damn right!

Telstra

Mr WINDSOR (3.23 pm)—My question is to the Prime Minister and it follows from my question on Tuesday relating to the issue of equivalence of service prior to a switch-over from the CDMA network to the Next G network. Is the Prime Minister aware of evidence given at Senate estimates by Mr Giles Tanner, from the Australian Communications and Media Authority, that the equivalence of service determination will be based on a ‘truck based sample audit’ over an eight-day period that does not include Western Australia, the Northern Territory or Tasmania? Mr Tanner also said that, although the audit was on secret roads, Telstra had a general idea of what the authority was doing. Does the Prime Minister believe that this sort of micro-sampling is adequate, or does the Prime Minister agree with Dr Rod Badger, from the Department of Communications, Information Technology and the Arts, who in answer to a question from Senator Nash about the network changeover timetable said the process was looking ‘dodgy’?

Mr HOWARD—The answer to the first part of the question is: no, I am not aware of it—and therefore I cannot answer the second part of the question. But I will examine the material the member has raised and write to him about it.

Workplace Relations

Mr RICHARDSON (3.24 pm)—My question is addressed to the Minister for Employment and Workplace Relations. Would the minister advise the House how the new fairness test will help ensure fair compensation for workers when making workplace agreements? Are there any contracts which the fairness test will not cover, and are there any alternative views of what compensation is fair?

Mr HOCKEY—The fairness test legislation passed by the House of Representatives yesterday ensures that employees will receive fair compensation for trading off penalty rates, public holiday pay and other conditions. This compensation will most often be paid as a higher rate of pay. The fairness test will apply to all collective agreements and Australian workplace agreements that pay less than $75,000 per year. The fairness test will not apply to individual common-law contracts—and these are the Labor Party’s proposed replacement for nearly one million Australian workplace agreements. So this government now has a fairness test for individual agreements, and the Labor Party will not have a fairness test for its individual common-law contracts.

We also have an independent umpire, the Workplace Authority, that ensures workers get a fair deal. The Labor Party relies on the employer alone to ensure workers get a fair deal. But what the last week has revealed is that the Leader of the Opposition thinks it is acceptable to trade away all award entitlements for 45c an hour. The government has waited for the past week for the Leader of the Opposition and the Deputy Leader of the Opposition to say that 45c an hour is not fair.
But what we have heard are words about conflict of interest and domestic arrangements that have nothing to do with the issue of policy. These are the facts. Since last Thursday’s revelations about the WorkDirections employment contracts, the Leader of the Opposition has said that WorkDirections underpaid their staff because of award classifications inherited from the previous owner. They have based this defence on a statement by the company, which makes the same claim. They have said the company made an honest mistake. We do not dispute that and, appropriately, this matter is being investigated by the Office of Workplace Services. But the Leader of the Opposition has sought to misrepresent this important policy debate by claiming that everything has been an honest mistake. This is simply not true. The fact is—and it still stands—that there is a separate issue of policy here, and that is that WorkDirections reportedly offered agreements to its staff which contained 45c extra for trading off all award entitlements.

The Herald Sun revealed last Friday a signed copy of a letter which contains these contracts. Remember that the Labor Party’s defence is that the wrong award classifications were used, not that these 45c contracts were fair. These are two separate issues. The Leader of the Opposition has deliberately—and quite cunningly, I believe—moved the debate away from the fairness of these contracts and towards the inheriting of award classifications and other domestic arrangements. The Leader of the Opposition has engaged in a week of distraction to avoid answering whether or not he thinks the 45c contracts that were offered were fair.

I raise this issue because a report in today’s Australian presents details of the tactics employed, which are very similar to the tactics employed by Hawker Britton. I table that document. The Leader of the Opposition has tried to make this a debate about other issues when in fact, from a policy perspective, the Leader of the Opposition, in his industrial relations policy, wants to tear up one million Australian workplace agreements and replace them with individual common-law contracts. It is a political trick. The Leader of the Opposition did not offer the owners of the Lilac City Motor Inn the services of Hawker Britton. It is Labor Party policy to push workers onto individual common-law contracts, and the Leader of the Opposition has some explaining to do about whether 45c an hour is fair compensation.

**Opposition members interjecting**—

**Mr Abbott**—Mr Speaker, the Deputy Leader of the Opposition made an offensive comment about the Minister for Employment and Workplace Relations and she should withdraw.

**The SPEAKER**—I did not hear the member. If the Deputy Leader of the Opposition made an offensive remark then she will withdraw.

**Ms Gillard**—To facilitate the House, I withdraw.

**Mr Abbott**—Mr Speaker, it was a foul and offensive remark and it should be withdrawn without qualification.

**The SPEAKER**—The Deputy Leader of the Opposition will withdraw without qualification.

**Ms Gillard**—I withdraw, Mr Speaker.

**The SPEAKER**—I thank the Deputy Leader of the Opposition.

**Climate Change**

**Mr Garrett** (3.31 pm)—My question is to the Prime Minister. Is the Prime Minister aware that Republican presidential candidate Senator John McCain is committed to a long-term greenhouse reduction target? Is he also aware that at least 15 states of the US have done likewise, including former Repub-
Mr GARRETT—Does the Prime Minister still believe that a commitment to long-term targets is just a Eurocentric idea?

Mr HOWARD—The answer to the first part of the question is yes. The answer to the second part of the question is probably yes. But I would imagine that—

Mr Snowdon interjecting—

The SPEAKER—The member for Lingiari!

Mr HOWARD—while some of those governors may be committed to the principle of a target—

Mr Tanner—You’re quick on him, aren’t you; what about them?

The SPEAKER—The member for Melbourne is warned!

Mr HOWARD—they may not be committed to a particular target. Let me in total good faith, through you, Mr Speaker, engage the member for Kingsford Smith in this issue. You can believe that, as part of the architecture of dealing with climate change, you should commit to a target before you have actually decided what that target is and quite sensibly decide that, before you commit to a specific target, you find out what it means. That essentially is the difference between this side of the of House and the other side of the House. We both accept the need for a target but, unlike those who sit opposite, those on this side of the House say that you have got to work out what a specific target means before you commit.

I can say this in relation to Senator McCain and many of the other people that you have referred to.

Mr Downer interjecting—

The SPEAKER—The Minister for Foreign Affairs is warned!

Mr Wilkie interjecting—

Mr Baldwin interjecting—

The SPEAKER is warned!

Mr TANNER—You’re quick on him, aren’t you; what about them?

The SPEAKER—The member for Melbourne is warned!
The **SPEAKER**—The member for Swan is warned too!

**Mr HOWARD**—I can say this about them. I do not believe that any of those Republican governors or Republican figures have been so foolish as to commit themselves to a 20 per cent reduction in greenhouse gas emissions by the year 2020, because I think they have some regard to the economic consequences of that target. While the member for Kingsford Smith is talking about Senator McCain, I direct his attention to Senator McCain’s view on the American commitment in Iraq.

**Transport Infrastructure**

**Mr NEVILLE** (3.36 pm)—My question is addressed to the Minister for Trade. Would the minister advise the House how infrastructure constraints are impacting on Australia’s export performance? Is the minister aware of any alternative policies?

**Mr TRUSS**—I can assure the honourable member for Hinkler that I am aware of reports of considerable constraints in the handling capabilities which are limiting Australia’s capacity to export coal around the world. In fact, the Prime Minister mentioned earlier in question time that the April balance of trade figures have just been released and they reflect a very significant improvement. We are very pleased that there has been this substantial reduction in our trade deficit for the month of April. But, in spite of the general improvement, there was one commodity where there was yet another decline—that is, the export of coal. It is shameful that a this time when the world is crying out for our coal reserves, when prices are high and when there are enormous opportunities around the world that our coal exports actually fell by three per cent last month. The reason for this fall was the constraints within the delivery system at the ports, but particularly on the rail lines.

The **Australian**, in an editorial, drew attention to this problem early in the week when it made it clear that the problem is that the state owned railways, which are supposed to deliver the cargo, are not up to it. Just five months into the year it already appears that the volume of coal shipped by Queensland Rail in 2007 will be 15 per cent less than the figure decided last November, at a time when we are wanting to export more coal. The following day, the **Australian** identified one of the problems when it pointed to the hundreds of wagons previously used to export coal that are lying idle around Queensland. It published a photograph of 200 wagons which are lying on a branch line near Murgon in my own electorate. I can vouch for the fact that those wagons are there. But what the **Australian** did not actually say was that these wagons are actually located on an abandoned branch line which has not taken a train for probably a decade. Its only link to the main rail system is another branch line that has been mothballed by the Queensland government. It carries no trains at all. So here we have hundreds of coal wagons that could potentially be used to ship coal, which would cost perhaps $1 billion to replace, lying—

**Mr Neville**—Mr Speaker, I rise on a point of order. I cannot hear the minister’s response.

The **SPEAKER**—The level of noise is far too high. The member raises a valid point of order. I cannot hear the minister’s response.

**The SPEAKER**—The level of noise is far too high. The member raises a valid point of order.

**Mr Bartlett**—Mr Speaker, I rise on a point of order under standing order 91. Members of the frontbench opposite continue to stand when a minister on this side is giving an answer. I ask you to bring them to order.

**The SPEAKER**—I thank the Chief Government Whip. I remind all members of standing order 62. I call the Minister for Trade.
Mr TRUSS—We have hundreds of coal wagons on an abandoned spur line, connected to the rail system by a mothballed railway line. This is an asset that could be doing something worthwhile to help improve the performance of Queensland’s rail lines. These lines were once the pride of Australia’s national rail system. Queensland was the first to introduce multiheaded trains and electrified bulk cargo, and it did an enormous amount to open up Central Queensland and the coalmines to the export markets of the world. But, in reality, under Labor this system has been allowed to just drift away. When Premier Beattie was confronted with the fact that his performance—the failure of Queensland Rail to do its job—was costing this nation perhaps $1 billion a year in lost revenue, he blamed the coal companies. It was all their fault: the coal companies are greedy, because they want to export more; they want to earn more export dollars. Here is Premier Beattie taking $1 billion a year in royalties from coal exports from Australia, yet he cannot keep the trains running. They are trains that could be delivering cash into the indebted Queensland government coffers but are stopped because the Labor government cannot keep the system operating, enabling our coal exports to achieve their potential. This illustrates and proves yet again: if you give something to Labor in good working order, it will not be long before it is broken.

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

QUESTIONS TO THE SPEAKER

Workplace Relations

Mr ABBOTT (3.41 pm)—Mr Speaker, I wish to make a personal explanation.

The SPEAKER—Order! When a member is on his feet, he will be heard. I could not hear anything that the Leader of the House said. The Leader of the House will be heard.

Mr ABBOTT—Mr Speaker, the Leader of the Opposition has taken action against Dean Mighell.

The SPEAKER—I will look carefully at the question from the Leader of the House. I still had difficulty hearing it, and I will respond as appropriate.

PERSONAL EXPLANATIONS

Mr McCLELLAND (Barton) (3.42 pm)—Mr Speaker, I wish to make a personal explanation.

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

Mr McCLELLAND—Yes.

The SPEAKER—Please proceed.

Mr McCLELLAND—An article in today’s Australian by Dennis Shanahan purports to directly quote from comments I am alleged to have made in a private meeting yesterday with a Chinese parliamentary delegation. While I do not propose to further betray the confidence of those discussions, I can confirm that the quotes which have been attributed to me are not accurate.
QUESTIONS TO THE SPEAKER

Questions in Writing
Mr MURPHY (3.43 pm)—Mr Speaker, I seek your assistance under standing order 105(b) in relation to question Nos 5595 and 5597, which first appeared on the Notice Paper on 26 March; Nos 5605, 5606, 5607 on 27 March; Nos 5619, 5620, 5621, 5622 on 28 March; and, finally, Nos 5653, 5654, 5655, 5656, 5657, 5658, 5659 and 5660 on 29 March. Would you write to the relevant ministers and seek reasons for the delay in replying to those questions?

The SPEAKER—I thank the member for Lowe and I will follow up his request.

AUDITOR-GENERAL'S REPORTS

Report No. 41 of 2006-07
The SPEAKER (3.44 pm)—I present the Auditor-General’s Audit report No. 41 of 2006-07 entitled Administration of the Work for the Dole programme—Department of Employment and Workplace Relations.

Ordered that the report be made a parliamentary paper.

DOCUMENTS

Mr McGAURAN (Gippsland—Minister for Agriculture, Fisheries and Forestry) (3.45 pm)—I present documents on the following subjects, being petitions which are not in accordance with the standing and sessional orders of the House.

Treatment of David Hicks and other Guantanamo Bay detainees—from the member for Warringah—256 Petitioners

Rights of asylum seekers with Bridging E (BVE) visas—from the member for Aston—107 Petitioners

Review of Australian immigration policy—from the member for Parks—48 Petitioners

Support for Make Poverty History campaign—from the member for Hunter—143 Petitioners

Medicare cover and dental care for aged pensioners and low income earners—from the member for Warringah—18 Petitioners

PBS cover for Infliximab—from the member for Warringah—25,000 Petitioners

Human rights for David Hicks—from the member for Bennelong—44,000 Petitioners

Call for withdrawal of Australian troops from Iraq and Afghanistan—from the member for Calare—4,686 Petitioners

Condemnation of US threats against Iran—from the member for Calare—315 Petitioners

Call for withdrawal of Australian troops from Iraq—from the member for Calare—13,946 Petitioners

SPECIAL ADJOURNMENT

Mr McGAURAN (Gippsland—Deputy Leader of the House) (3.45 pm)—I move:

That the House, at its rising, adjourn until 2 pm on Tuesday, 12 June 2007, unless the Speaker or, in the event of the Speaker being unavailable, the Deputy Speaker, fixes an alternative day or hour of meeting.

Question agreed to.

MATTERS OF PUBLIC IMPORTANCE

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

The Government’s failure to secure Australia’s future economic prosperity through its attitude to climate change

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

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

Mr SWAN (Lilley) (3.46 pm)—I rise to speak on this matter of public importance on the government’s failure to secure Australia’s
future economic prosperity through its attitude to climate change. The complacency and inaction of this government over 11 years on climate change have indeed endangered our future prosperity and our future job security. Dangerous climate change is a serious risk to our future prosperity and our job creation capacity. The longer we delay, the more climate change will cost our water supplies, our jobs and our environment because the cost of inaction is greater than the cost of action.

As we saw during question time today, this PM is only interested in the electoral climate; he is not interested in climate change. We saw today in question time that this government does not have the policy courage, the foresight and the moral conviction to tackle dangerous climate change. We have a government that does not understand the future, and if it does not understand the future then it simply cannot govern it. Parties like the Liberal Party that do not prepare for the future rapidly become irrelevant. There are two pieces of evidence that I want to mention that demonstrate the negligence of the Howard government—there are many more, but there are two that I want to mention up-front.

We had a speech from the Secretary to the Treasury on 14 March to Treasury officers entitled ‘Treasury’s effectiveness in the current environment’. This is the government’s No. 1 economic adviser, speaking only a couple of months ago—one of the most respected advisers in the country and, I would say, of international standing as well. The Secretary to the Treasury, someone who has worked in that organisation for around 15 years, said of this government’s stewardship of the economy and its failure to respond to climate change:

We have also worked hard to develop frameworks for the consideration of water reform and climate change policy. All of us would wish that we had been listened to more attentively over the past several years in both of these areas. There is no doubt that policy outcomes would have been far superior had our views been more influential.

He said that policy outcomes would have been far superior if the government had listened to Treasury. The Secretary to the Treasury continued:

That is not just my view; I know that it is increasingly widely shared around this town.

You could not get a bigger indictment of this government’s lack of stewardship, application and commitment to tackle dangerous climate change to secure our future prosperity and job security. Of course it is not just the Secretary to the Treasury who failed to have his way and to involve all of the expertise in his department in meeting this dangerous challenge; there are many others who are highly qualified who have been unsuccessful in getting their advice through to the government as well.

We saw the same situation back in 2003 where a cabinet submission went to Treasury recommending an emissions trading system. As Stern shows, an emissions trading system that provides the price signal is the most fundamental element required to deliver the innovation and the investment that will give us the new technology to reduce carbon emissions. An emissions trading system is absolutely essential to an economy that we want to be carbon-cleaner; you do need an emissions trading system. What happened then? In 2003 the Prime Minister and the Treasurer refused to put up an emissions trading system, despite the recommendations of a number of departments. This 2003 rejection came on top of a 1998 recommendation from the foreign minister for there to be an inquiry into emissions trading and a 1999 Australian Greenhouse Office discussion paper on emissions trading, so the evidence is there.
Mr Costello, the Treasurer, loves to talk about experience. We come into the House and he says, ‘How experienced that mob over there are in economic management!’ He says that nobody else could be trusted with the economic management of this country because the government are so experienced. When it comes to experience and when it comes to the economic threat of climate change and water, the Costello experience is one of absolute negligence. His experience, when it comes to protecting our future prosperity and protecting us from dangerous climate change, is one of 11 years of negligence and complacency—11 years of denial, 11 years of inaction and 11 years of reckless indifference. If that is experience, this country most certainly does not need it.

When all of this has been exposed, what have the government done? What has been their response? Their only response is not a substantial policy response but a taxpayer funded advertising campaign. That is their response to everything. Of course, it is all part of the cover-up. In this House they are also running a scare campaign to say that somehow early action on climate change will bring damage to the Australian economy and loss of jobs. That is the rubbish we heard from the Prime Minister today, that somehow early action would cost jobs. Early action will not cost jobs, because a strong economy must be predicated on a healthy and sustainable environment. It is the absolute foundation of a prosperous economy.

As we know, the Stern report commissioned by the British government found that the global cost of failing to act on climate change could be of a similar scale to the Great Depression and the two world wars. In the face of this evidence, what did the government do? They stuck their heads in the sand, there was no immediate action and now all we get is more taxpayer funded scare campaigns. Sir Nicholas Stern said that, unless we acted to reduce carbon emissions now, the consequences would be the equivalent to a cut in global economic output by 20 per cent.

Australia will not be immune to this. Climate change threatens serious damage to our agricultural and tourism industries in particular, which combined bring in around $50 billion in export earnings each year. Our tourism industry alone employs more than half a million Australians. The Australian Business Roundtable on Climate Change, which includes leading companies like BP, Origin Energy and Westpac, has warned that a two to three degree rise in temperature could cause enormous economic harm. I do not have time to go through it today, but there would be economic harm to our tourism, agricultural and livestock industries. With climate change comes the risk of more severe droughts. Australia will have to face up to 20 per cent more droughts over most of Australia by 2030 and up to 80 per cent more droughts by 2070. What we see here is that the cost of inaction is far higher than the cost of action.

Acting now, prudently and sensibly, is what we should be doing. Just imagine where this country might be in relation to the rest of the world if we had started to tackle this when the government was advised of it some years ago. What we know from all the economists and the modelling is that the longer you delay the higher the cost goes. There is a disproportionate cost the longer you delay. What this government’s negligence and complacency are doing is building a bigger cost for us to deal with into the future and to pass on to our children and their children. That is why we must move this matter of public importance today—because Australia cannot afford another three years of climate change inertia.
Labor’s plan to protect the economy as well as the environment does include a target to reduce greenhouse gas emissions by 60 per cent by 2050. We must set a target. That is what the science tells us we must do if we are to stabilise those emissions to prevent the consequences that Stern is talking about. We must act now; we must certainly act now. It is not just because Stern is out of favour; he is also a European. Despite the fact that he had come from the World Bank, he is out of favour: he is a European. We have this use of the word ‘Eurocentric’ in the House. The CSIRO’s submission—they are all Australians—to the Prime Minister’s own task group on emissions trading recommended reductions between 60 and 90 per cent. Are they all dangerous Europeans? Are they all communists down there at the CSIRO when they recommend to the government reductions of 60 to 90 per cent, or are they sensible scientists such that we in public life have a responsibility to listen to their advice and take it seriously?

We have the UN panel—I will not go into that, because they are all foreigners! But what we do have—someone the government might listen to, you would think—is the business community of this country. What does the Business Roundtable on Climate Change say? It says achieving a 60 per cent reduction in greenhouse gas emissions from year 2000 levels by 2050 is possible while maintaining strong economic growth. This is a complete repudiation of everything the Prime Minister has said in this House, over the last four weeks of sitting, about a 60 per cent reduction target. The Business Roundtable on Climate Change has simply blown the Prime Minister away because it has done the work. He has not done the work.

Labor are prepared to do the work. Not only have we committed to the 60 per cent target; we have also committed to a means of achieving it through the Garnaut report, something else that this government would not do. The Treasurer met all the state treasurers in Canberra about two months ago. They put a proposal to him for a review like the Stern report and he knocked them back. It was left to Labor to join with the state governments to get their expertise to bring Ross Garnaut in and put a similar report together. The government would not do it because they are only interested in playing politics.

No wonder the Treasurer would not put climate change on the agenda of the G20 in November last year in Melbourne. That tells you how quickly the government’s political conversion on climate change has come about. What we are getting, and we saw more of it today, is the abuse of those who are out there putting these targets forward. We have seen the Prime Minister having to run away from his earlier endorsement of a Clinton adviser in the last question time. Yesterday he embraced the views of Larry Summers, who apparently does not support targets. We dealt with that yesterday. What about the views of former President Clinton? Former President Clinton had this to say, ‘What a country does with prosperity is just as important a test of its character as what it does when its back is against the wall.’

We are in an unprecedented period of prosperity. On issues like climate change and water, skills and education more generally and infrastructure we have a government that has walked away from its nation-building responsibilities, prepared to coast on the resources boom and the boost to national income that has flowed from that. Meanwhile, here at home, it has not attended to the long-term foundations of our economy. It has not attended to the long-term foundations of our economy in educating our people or in developing modern infrastructure. Most certainly it has not tackled the biggest long-term threat that we face, which is dangerous cli-
mate change—which if it is not tackled, as Stern has said and as others acknowledge, does present a serious threat not only to our economy but to our national security as well.

This is why we say that the only common-sense way to deal with dangerous climate change is to tackle it early and bring the community together to have a whole-of-community effort. The business community is crying out for certainty in this area. Decisions about base power load and investment in base power are being held up because this government is playing silly political games. This should have been dealt with years ago. And it claims to have experience! It has the business community telling it day in, day out that they want some certainty in the government’s approach to these questions. But what does the government do? It simply plays political games. That is the problem.

There is no European conspiracy. The fact is that everyone on this planet is affected by dangerous climate change and everyone on this planet must play their part. We in the Australian Labor Party say that we are playing our part. We held a summit and we got the business community together. We put a target out there. We have been in favour of an emissions trading system. We are backing renewable energy. We are backing a whole-of-community effort. And what do we get from this government? We get lectures about how they are experienced.

I will tell you what they are experienced at—short-term politics and quick political fixes. That is why in 11 years we have not had one mention in Peter Costello’s budgets of the words ‘climate change’. Now that the political heat is turned up and global warming is a reality, they are starting to move. They are using their taxpayer funded polling. They are using the resources of the taxpayer to run advertising campaigns to cover up their negligence and their embarrassment. Labor, Kevin Rudd, our spokesman here, Peter Garrett, and Anthony Albanese have put the weight on them. They are not up to it. (Time expired)

Mr McGauran (Gippsland—Minister for Agriculture, Fisheries and Forestry) (4.01 pm)—It is entirely right and fitting that we have this debate on climate change here in the Parliament of Australia. The government welcome it. We welcome a debate about future economic prosperity as determined by the government in comparison with the Labor Party’s attitudes and policies on climate change.

However, there is another right, fitting and entirely appropriate place to have this debate and that is out in those regions of Australia that are most directly affected by any arbitrary, knee-jerk policy response by any political party. I could cite my own region of the La Trobe Valley in Gippsland—the brown coal centre of Victoria—which generates about 85 per cent of Victoria’s electricity needs. You could go to Wollongong, the Hunter Valley or the Bowen Basin—some of the great coal export regions of Australia—but also a number of those other resource based regional economies. Let us have the debate there.

I extend here and now an invitation to the member for Kingsford Smith, the shadow minister for the environment, or the member for Lilley, the shadow Treasurer, who just gave his contribution, to debate me. Come down to the La Trobe Valley and debate me on these issues. Let the people decide who has the better responses to climate change to protect jobs as well as Australia’s future economic prosperity. The Labor Party is not taking me up on the invitation. Why would the member for Kingsford Smith especially respond to such an invitation to visit a coal-producing area? After all, he was the one who only a month ago said:
The automatic expansion of the coal industry ... is a thing of the past.

That is what the member for Kingsford Smith believes about the coal industry of Australia. Do not worry about the thousands of direct jobs, let alone the tens of thousands of indirect jobs, at stake here. Callously, cruelly and for politically expedient reasons dismiss their concerns and inject a new level of insecurity amongst those job holders in the coal and resource sectors, especially in the La Trobe Valley.

I ask the member for Kingsford Smith: will you come to the La Trobe Valley and debate these issues with me? He studiously avoids eye contact, let alone responds to me. It is political cowardice for the member for Kingsford Smith—

The DEPUTY SPEAKER (Hon. IR Causley)—The minister will stop making—

Mr McGauran—not to come and debate these issues with me? He studiously avoids eye contact, let alone responds to me. It is political cowardice for the member for Kingsford Smith—

The problem for the Labor Party when they do attempt to gain political mileage on this issue and link future economic prosperity with climate change, which are the terms of today’s matter of public importance, is that their policy of reducing greenhouse gas emissions by 60 per cent by the year 2050 will cripple our export industries and domestically will increase the cost of gas and electricity for every Australian family and business.

It is not just people directly involved in the coal and resource sectors that are at risk from the Labor Party’s policy; it is also, of course, our general standard of living and our economic prosperity. We know this for a fact because ABARE, the Australian Bureau of Agricultural and Resource Economics, a highly credentialled and well-regarded entity which is independent of mind, produced a report last July entitled Economic impact of climate change policy. It was released on 17 July, to be exact. What ABARE does is model a decrease in emissions of 50 per cent of 1990 levels of greenhouse gas emissions in Australia by 2050. It is very similar to the commitment that the Labor Party has given. Let me remind the House and those who are listening—it is essential that we get this point exactly clear—that Labor has announced that it will cut greenhouse gas emissions by 60 per cent by the year 2050. We have to hand a report by ABARE which models a 50 per cent cut by the year 2050. It is very close to or similar to the Labor Party’s own announced policy.

What does ABARE find? It concludes that, relative to business as usual, petrol prices would increase by around 100 per cent, the GDP growth of Australia would be 10.7 per cent lower, real wages would be 21 per cent lower, oil and gas production would fall by 60 per cent, coal production would be down by 32 per cent, electricity output would fall by 23 per cent and agricultural production would decline by 44 per cent. If Australia were to adopt a 60 per cent cut by the year 2050—and I do not believe that a Labor Party in government would proceed with its electorally structured and ambitious target—Australia’s economy would largely collapse.

When the member for Lilley as shadow Treasurer suggests that Australia’s future economic prosperity is linked to a government’s attitude to climate change, he has got that much right. But what he has got wrong is the Labor Party policy. The amazing thing about the Labor Party’s announcement of a 60 per cent cut in greenhouse gas emissions by 2050 is that they did not take into account any of these economic studies or commission
any of their own. How responsible is it for an alternative government to arbitrarily announce an economic target without modelling, examining or calculating its economic effect? Regardless of the impact on Australian industry or on Australian jobs, the Labor Party announced this target, believing of course that it is in their political and electoral interests to do so. In reality, the Labor Party’s policy would shut down Australian industries, with thousands of employees being laid off. But it would not reduce emissions by one tonne of carbon, because the industries and the jobs would simply be exported to other countries, especially developing countries, where they have less onerous climate change policies.

As the Prime Minister said earlier, setting a national emissions target is one of the most important economic decisions any government in the history of this nation could take. Here we have the Labor Party recklessly and negligently setting a target without any preparatory work, without any supporting evidence. I will be fascinated to hear other Labor Party contributors to this debate try to explain how the target was set and what its ramifications will be, particularly in light of the ABARE report. The ABARE report, which modelled close to the Labor Party’s economic and climate change policy, found that that target would be devastating for the economy. It is not just some academic exercise; it means that people’s jobs and ways of life would be severely limited, even destroyed.

The second problem for the Labor Party is its policy to ratify the Kyoto protocol. This lays the burden of global greenhouse gas emissions entirely on developed countries such as Australia. That is why the government will not ratify Kyoto. It is the lowest common denominator. Australia and the world can do better than Kyoto because Kyoto does not take the developing countries—especially India and China, which make up a significant proportion of the world’s greenhouse gas emissions—to task. Ratifying Kyoto is a meaningless, symbolic and deceptive policy stance by an alternative Australian government which we will not embrace simply for fraudulent political reasons, bearing in mind especially that Australia contributes 1.4 per cent of global greenhouse gas emissions. We have a heavy responsibility, particularly with our high standard of living and our general prosperity, to contribute to the reduction in greenhouse gas emissions, but ratifying Kyoto is just a token gesture.

Unlike many countries that have ratified Kyoto, Australia will achieve its targets under that international agreement in any event. Our record in controlling our emissions is an admirable one. The increase over 1990 emissions is just 2.2 per cent, while Australia’s GDP has increased 61 per cent since then. Intensity, which is emissions per dollar of GDP since 1990, is down 36.7 per cent, while per capita emissions since 1990 are down 14.4 per cent. After all, we are tackling this problem with a range of solutions—with heavy investment in research and development, with the funding of pilot plants especially for clean coal and with our extensive funding in renewable energy. Across the board, we have spent hundreds of millions of dollars in renewable energy. We are supporting geothermal energy. Our investment in clean coal runs to $1.4 billion. All of these are leading to a significant reduction in Australia’s emissions. If all of Australia’s industries that make up that 1.4 per cent of the world’s share of greenhouse gases were to shut down overnight, China would make up the difference within nine months. So it is an utterly meaningless gesture, even in its most radical and admittedly unthinkable form, to shut down all greenhouse gas emitting industries in Australia, if you have proper, rational
and objective regard for the health of the planet.

So let us be realistic about that. That is what Australia always embraces under a coalition government. We are interested in tangible action—practical and meaningful reductions in our greenhouse gas emissions. We have announced $3 billion worth of projects that will cut the amount of carbon dioxide entering the atmosphere. That includes $750 million for a clean coal power station in the La Trobe Valley, in my own electorate, an $841 million carbon-burying project in Western Australia, the world’s largest solar power station near Mildura and a $45 million methane power plant in Queensland. They are all measurable, practical investments. They have no negative impact on jobs, industries, exports or our economy. You cannot commit to targets without considering and knowing the consequences.

It is the most grossly irresponsible act by the Australian Labor Party to commit to a target of a 60 per cent reduction in greenhouse gas emissions for Australia by 2050 without doing any of the assessments as to the impact. Well, we have the assessments, and now I invite, even urge, the Labor Party—and many of my constituents in the La Trobe Valley would plead with them—to revisit that policy. Otherwise the Labor Party are selling out hundreds of thousands of workers in the mining and power-generating industries, and all the consequential and associated industries as well, by agreeing to proposals that we all know will cost jobs. The Labor Party policy on climate change will cost jobs.

The government will always put economic prosperity and jobs ahead of ideology and targets that do not take the consequences into account. The government recognise, as does the Australian community, that there are real challenges posed by climate change. Unlike the opposition, we take our responsibility to balance environmental and economic priorities very seriously. We have not and will not commit to arbitrary targets chosen for political reasons. We will respond with policies which reflect Australia’s needs, and we are not going to peddle nonsense about the difficult choices before the world.

The choice is obvious: reduce significantly, in a measured way, greenhouse gas emissions but recognise that there is no one, silver bullet solution to reducing greenhouse gas emissions. You need a portfolio of measures and technologies across all sectors of the economy. The solution must be a global one, at the same time, not the empty rhetoric of Kyoto.

Instead, the government are playing a leading role in forming the Asia-Pacific 6 group of countries which together account for 50 per cent of global emissions. We support that group of large nations knowing that, if we make that work, it will of course have enormous ramifications for the world’s greenhouse gas emissions task. Rather than put aside our enormous natural advantage in fossil fuel resources, Australia has to work on ways to reduce the greenhouse gas consequences of using them, so we support the development of renewable technologies as part of that portfolio approach. We have committed $2.8 billion to initiatives that directly address climate change and over one-quarter of a billion dollars more for indirect measures. At the same time, we are doing the responsible thing in considering the full range of possible technologies to reduce emissions, including nuclear energy, which is something the Labor Party will not even consider for ideological reasons, knowing that they have a left-wing component to their Labor Party that is implacably opposed to even considering the issue. The government’s policies are forward looking—(Time expired)
Mr BOWEN (Prospect) (4.16 pm)—The government says Australia has a choice between the environment and the economy. The Prime Minister says he will not sacrifice Australian jobs on the altar of the environment. We say Australia does have a choice but it is not between the economy and the environment; it is between acting and not acting. We say it is between choosing to act now or being forced to act later at much greater cost. We will not sacrifice Australian jobs or the environment on the altar of an ideology which refuses to accept that climate change has an impact on the Australian economy.

The Prime Minister says we should not listen to Sir Nicholas Stern because he is from Europe. We say we must listen to Sir Nicholas Stern because he has a world view and the cost of not acting is just too high. Of course, it is politically convenient for the Prime Minister to paint this as a contest between Sir Nicholas Stern and the rest of the world, but it is not only Sir Nicholas Stern who says Australia must act and act soon, and act now, to deal with the economic impact of climate change on this country. It is not just Europeans who say we must act; it is Australians who say this too, and the government are just not listening. It is not just environmentalists who say we must act; it is business people and economists who say this—but the government just refuse to listen. They refuse to listen to the Australian Business Roundtable on Climate Change, which consists of companies like Westpac, Origin Energy, Visy and BP.

Over a year ago, the business roundtable released a report called *The business case for early action*. They said:

As business leaders representing a cross-section of the Australian economy, we believe that climate change is a major business risk and we need to act now.

... ... ...

This research confirms that Australia is particularly vulnerable to climate change. The economic impacts are significant and widespread, affecting in particular Australia’s leading export earners, agriculture and tourism. This will have flow-on effects for the whole economy.

Those are not our words or Sir Nicholas Stern’s words but the words of the Australian Business Roundtable on Climate Change: Westpac and VP. They called for a carbon price signal, but the government were just not listening. The report compared two scenarios—acting now or waiting to act later—and they said the impact of acting later would be a ‘major disruptive shock to the Australian economy’, but the government were just not listening. They said waiting would destroy jobs and wreck the Australian tourism industry, but the government were not listening.

The government were not listening to the *Economist* magazine. I have to confess that the *Economist* is my favourite magazine. I am sure the member for Rankin looks forward to getting his weekly edition as well, and I suspect some members opposite like the *Economist* magazine—maybe even the member for Boothby—because it takes a free-market approach to most issues. I enjoy reading the *Economist* magazine. This is what their climate change special said:

... although the science remains uncertain, the chances of serious consequences are high enough to make it worth spending the (not exorbitant) sums needed to try to mitigate climate change.

That is the *Economist*, the bible of free-market thinking around the world, and the government were not listening to the *Economist*.

Not only are they not listening to the *Economist*; they are not listening to economists generally. Just a couple of days ago, 271 professional economics academics, including 75 professors of economics, signed an open letter and said:
Global climate change carries with it serious environmental, economic and social risks and preventive steps are urgently needed.

The refusal by Australia and the United States to ratify the Kyoto Protocol is undermining global efforts to tackle climate change.

That is what 75 economics professors said, but the government are just not listening. Even though they were quick to leap on one US economist yesterday, they will not listen to 75 Australian economics professors today.

Let’s look at what business is saying in the United States. There is a similar group to the business roundtable set up in the United States, called USCAP, which was formed in January to lobby to cut greenhouse gas emissions by 60 to 80 per cent, to create business incentives and to act swiftly and thoughtfully—not a coalition of environmentalists; a coalition consisting of companies like General Motors, BP, Duke Energy and General Electric. The Bush administration are not listening and their ideological soul mates here, the Howard administration, are not listening either.

People have been warning about this for a long time. The Kyoto protocol was written back in 1997—10 years ago. For 10 years the world has been looking at this question, and unfortunately Australia has had the Howard government all that time. In 2002, Environment Business Australia wrote a submission to the government saying:

… Australia should ratify the Kyoto Protocol for environmental, trade, health, and economic reasons.

But the government were not listening. We know now that, back then, the government were considering introducing an emissions trading scheme. Back in 2003 they had a cabinet submission to do so. They had the chance to act, they had the knowledge in front of them and they ignored it. They just were not listening. When four government departments supported a cabinet submission on an emissions trading scheme they did not even listen to them. I cannot put it better than Lenore Taylor, who says:

Turns out cabinet was being asked for in-principle endorsement of a domestic emissions trading scheme, to take effect after the first Kyoto Protocol commitment period ends in 2012, where the initial cost was to be kept low and the impact on big trade-exposed emitters was to be mitigated.

She goes on to say:

That’s right. After almost four years of indignation and inaction, we’re likely to end up right back where we were in 2003.

But they rejected it because they did not believe in climate change then, and they do not believe in climate change now—a government which comprises the ultimate climate change sceptic, the Prime Minister. And let us not forget the industry minister. Do you remember him—tall bloke, raspy voice? You might recall him. We do not hear much from him these days because his views are not very fashionable in an election year. Ian Macfarlane is a climate change sceptic who said that climate change was not really happening. Those views are not very fashionable when there is an election coming on, so he is in hiding. He is probably locked up in a room somewhere. We have not heard from him for months. But, when you have got a government with an industry minister who has those sorts of views, they are not going to act, because they do not believe it. They say it is because the economic costs are too high but it is because they just do not believe in climate change.

Do you remember when we were told as a nation that the economic costs of equal pay for women were too high?

Ms George—The sky was going to fall in.

Mr BOWEN—The sky was going to fall in. The Australian economy would grind to a
halt. Do you remember when we were told that the cost to business of the superannuation guarantee was too high? Do you remember that? It is the same argument from the same people; they just do not get it. Their response to everything is that the Australian economy will not be able to cope, but they just do not get that the world moves on. They hate change, they hate improvements, they hate progress and they hate people who argue that climate change is going to affect this economy, because it will. But they just do not get it.

At five minutes to midnight, after 11 years in office, when the Prime Minister has poured scorn on emissions trading—he poured scorn on the states when the states put up an emissions trading scheme; he said it would wreck the Australian economy, ruin the Australian way of life, wreck the Australian coal industry—it is all okay. Yesterday we heard for the first time that targets were okay after 11 years. Ten years after Kyoto, four years after a cabinet submission on an emissions trading scheme, three or four months before an election, targets are now acceptable.

When it comes to climate change, you are either part of the solution or you are part of the problem. The government are part of the problem because they do not believe it. If you are part of the problem, you cannot be part of solution. By their inaction, they have made themselves part of the problem because they just do not believe that climate change is real. They just do not believe that it is happening.

As was pointed out during question time, taxpayer funded polls have told them climate change is happening and we have had a road to Damascus conversion: emissions trading and targets are okay. The government have been ignoring the Economist, ignoring the Business Roundtable on Climate Change, ignoring 71 economics professors around this country who wrote an open letter saying that urgent action is required. They ignored their own government departments, including the Treasury, four years ago and failed to act. The Australian people are paying the price, and the Australian economy will pay the price because it will be affected by climate change, more than many others. Plenty of people have been telling the government, but they have not been listening because they just do not get it.

Dr SOUTHcott (Boothby) (4.26 pm)—Looking at the whole issue of climate change and the differing approaches of the Labor Party and the government, Labor’s argument seems to be that they believe and the government does not believe. The Labor Party’s approach, though, is a triumph of the symbolic over the substantial. The Labor Party’s policy on climate change for the last 10 years has been that we should ratify Kyoto. That would have no effect at all on Australian greenhouse gas emissions; not one molecule of carbon dioxide would that change.

Where has the Labor Party been in the last 10 years? Over the last decade, long before Al Gore won an Academy Award for An Inconvenient Truth, the Howard government launched Australia’s National Greenhouse Strategy. Since then, $2.8 billion has been set aside to fight climate change. This has resulted in an 87 million tonnes per annum reduction in greenhouse gas emissions from 2010—that is equivalent to a reduction of the entire emissions of the Australian transport sector. But there has been a whole raft of activity going on: $61½ billion of private sector investment into technological development looking at ways to address the problem of climate change. Why would we have done all of that if we did not believe that climate change was a serious problem that required addressing?
Global warming is one of the key challenges for this century, and any global response requires the involvement of all major emitters: the United States, China, India. So what has Australia been doing? We have got the $500 million Low Emissions Technology Demonstration Fund, which is looking at things like leveraging private sector investment, carbon capture and storage, and solar power stations. Carbon capture and storage has great potential to sequester a large portion of our emissions. There is $200 million to reduce global deforestation; $100 million for the Renewable Energy Development Initiative; $75 million for the Solar Cities trial, including one in northern Adelaide; $20 million for the Advanced Electricity Storage Technologies Program; and $14 million for a wind energy forecasting program.

In addressing the issue of climate change, we need an Australian solution for a global problem. Australia has a specific resource profile. We are not the same as Europe but we are on track to meet our Kyoto targets, which a lot of other countries are not. What we need is a balanced approach—

ADJOURNMENT

The SPEAKER—Order! It being 4.30 pm, I propose the question:
That the House do now adjourn.

Climate Change

Ms GEORGE (Throsby) (4.30 pm)—I am pleased to have come in on the end of the debate on the matter of public importance. I think the member for Boothby himself is in an absolute state of denial about the government’s record on this most serious challenge facing our nation and the globe. On this issue his government has no coherent strategy and, as with many other issues, its response is predominantly poll driven. Let me remind members on the other side of the chamber about the degree of scepticism that exists on the government benches. I will quote the words of the industry minister. He is on record not long ago as saying:

... carbon dioxide levels go up and down, and global warming comes and goes.

No wonder, with that attitude, that he admitted on the Sunday program with Laurie Oakes:

... Well I am a sceptic of the connection between emissions and climate change.

You heard it from a very senior government minister. It is no wonder that the Leader of the Opposition described your Prime Minister the other day as a ‘rolled-gold climate change denier’. Of course the polls are now reflecting a very strong sentiment in the Australian community, and it is no wonder that the sceptics have now reformed themselves into so-called global warming realists. It was the same industry minister who dismissed Al Gore’s documentary An Inconvenient Truth as ‘just entertainment’. Talk about burying your head in the sand and ignoring all the warnings from eminent Australian and overseas scientists.

The actual inconvenient truth for the Howard government is that the Australian community understood the significance of dangerous climate change and its negative consequences long before government members and the Prime Minister saw the light on their road to Damascus. You can correlate the conversion of those who described themselves as sceptics who now say they are realists on this issue to nothing more than the pressure of public opinion. We are now going to see a huge advertising campaign spending taxpayer funds. But I know that taxpayers will not be hoodwinked on this issue. They will see through the lack of action on this critical and important global issue under the stewardship of this government over the last decade.
It was quite pathetic over the last week to hear the responses of the Prime Minister to the questions we were asking about this advertising campaign. His responses were bizarre. He obfuscated, he misled and he was deliberately evasive, playing semantic games in answer to legitimate questions being asked in the House. His responses were, ‘As a government, we have not approved the advertising campaign.’ In another quote he said, ‘No minister has approved materials for distribution.’ In another quote he said, ‘No TV campaign has commenced.’ Yet at the same time officials from the department at the Senate estimates hearings were telling us about the degree of preparation that had gone into this campaign, preparation that included market testing of the Prime Minister’s letter to households. This is unbelievable: to think that you have to market test a letter to households because households know that what is being said is in direct contradiction of the sceptics on the government benches. Late last year the industry minister also proclaimed, ‘Taxes and targets do not deliver greenhouse gas savings, technology does.’

Technology has an important role to play, but it is not going to achieve outcomes without some form of emissions trading and targets. We have even had the latter-day conversion of the Prime Minister. He is now warming to the idea of a national emissions trading scheme—even though that scheme was junked by cabinet when the Treasurer and others proposed it not too long ago. The Prime Minister is now warming to the idea of at least having to set long-term targets. The Australian population will not be fooled. They know that this is another attempt to try to salvage the government’s appalling record. A government full of climate change sceptics cannot find climate change solutions.

**Climate Change**

Mr WOOD (La Trobe) (4.35 pm)—I am a proud believer in climate change and I am confident that most of my constituents in La Trobe share my opinion. Many constituents have written to me about the risk that climate change poses to the environment, and I will continue to work to make their voices heard in the federal parliament. On both sides of politics, as in the community, there are climate change sceptics. I invite them to watch Al Gore’s film *An Inconvenient Truth*, which mounts a compelling case that climate change is real. If anyone doubts the film’s science, they should know that last year the *Age* newspaper asked seven prominent scientists, including five from the CSIRO, to mark *An Inconvenient Truth*’s scientific merit. The film averaged above 4½ out of five, which is a ringing endorsement of the accuracy of the film’s scientific message.

As regards the Kyoto protocol, I am not opposed to ratifying it; but it simply does not go far enough. Australia is already on track to meet the Kyoto emission targets, and we should be doing much more. To have any impact at all, we must involve the world’s largest emitters like the United States, China and India. Whatever form the ‘new Kyoto’ may take, we have to ensure that there is not a carbon trading scheme that would allow Third World countries to flatten their forests so that big emitters can keep on emitting. That is why Indonesia is the focus of the government’s $200 million global reforestation initiative and why some of that money will be spent upgrading Australia’s satellite surveillance of Indonesia’s forests.

In the meantime, I am delighted that for 2007-08 the Australian government has committed $2.8 billion to address climate
change with some very exciting measures that exceed our Kyoto requirements. For instance, the Australian government is planning the world’s biggest solar power station to be built in north-western Victoria. This will provide power for up to 45,000 homes and reduce emissions by up to 400,000 tonnes per annum. I am also excited about the potential for geosequestration—injecting carbon dioxide deep underground. In March this year I met two CSIRO scientists, Alison Henning and Michael Borgas, who gave me some insight into Australia’s first geosequestration trials in the Otways in south-western Victoria. It has great potential and I am thrilled that it has Australian government support.

I am also a big supporter of solar and other renewable energies, and I congratulate the residents of La Trobe who have let me know how important it is to them to use these alternative measures as part of the overall energy mix. I have tried to vigorously represent these views in Canberra and therefore I am delighted that the 2007-08 budget will provide an additional $150 million to encourage homeowners and community organisations to install solar panels. The current household rebate will be doubled to $8,000, about 50 per cent of a typical solar power system. This is double the amount of funding that Labor is proposing. Grants of up to $12,000 will be available for solar panels in schools and community buildings. For all its rhetoric in support of solar energy, the fact is that, if elected, Labor will only provide a $4,000 household rebate for solar. That is not nearly good enough.

I believe that Australia should also strive to be a world leader in emissions trading. Emissions trading requires emitters to hold permits that can be bought and sold and which provide the right to emit a certain amount of greenhouse gases. This will ensure that industry uses the market to discover the cheapest ways of reducing emissions. I believe that such a system should be the centrepiece of any long-term strategy to deal with climate change and I look forward to the Prime Minister’s emissions trading task force report, and I also support a strong target.

Finally, I believe that we should all be doing more as individuals to reduce our carbon footprints. I recently visited the Szencorp Building at 40 Albert Road, South Melbourne, which is a unique building designed to demonstrate world-leading environmental practice. This has inspired me, and now I believe that every MP’s and senator’s office in Australia should be carbon neutral. I have engaged Szencorp to conduct a carbon audit of my office and have put a proposal to Minister Turnbull to institute such a system nationwide. To this end, my electorate office’s printing is carbon neutral. I use a printer brand which is accredited by the Australian Greenhouse Office’s Greenhouse Friendly program. This is a voluntary scheme that allows Australian businesses to market greenhouse neutral products and services, to reduce emissions and to give Australian consumers greater choice. I think it is a fantastic initiative. In closing, I reiterate that I am a strong believer in climate change. Although I am pleased that the Australian government is tackling the problem head on, I am determined to ensure that the voices of my residents of La Trobe are heard in this national debate.

Workplace Relations

Mr PRICE (Chifley) (4.40 pm)—This week we had a historic bill go through the parliament—that is, the Workplace Relations Amendment (A Stronger Safety Net) Bill 2007—which made changes to the government’s Work Choices legislation. I would have liked to have seen a much longer debate on this bill. I would have liked to have had
the opportunity for all the opposition members who wanted to speak on the bill to be able to. Mr Speaker, as you know, this bill was introduced—unusually—on a Monday, debated all day Wednesday but was subjected to a guillotine.

More than 50 per cent of the members of the opposition, including shadow ministers, wanted to speak on the bill; yet, I regret to say, only eight people on the opposition side spoke. Only eight government members had their names down to speak on this bill. In other words, more than 50 per cent of the opposition wanted to speak on the bill, but only eight—or 10 per cent of government members—were excited and moved by the changes to this bill. Ninety per cent did not put their names down to speak. Not one National Party member spoke about this bill, and yet they also say it is good.

Mr Speaker, I am sure you will remember my question to the Prime Minister back in June 2006 asking him about the Spotlight workers who, under their AWAs, were trading away all their penalty rates, all their overtime and all their shift allowances for just 2c extra an hour. I was told by the Prime Minister that they should be grateful at Mount Druitt for having a full-time job. I welcome anyone having a full-time job, but of course that was not the truth—these were casual workers.

If this legislation is so good, why was it that the member for Boothby did not have his name down to speak on it? Why didn’t the members for Bowman or La Trobe or the minister at the table—the member for Eden-Monaro—put their names down on the speaking list if they thought it was so good? Why wouldn’t they allow a fuller debate? Why wouldn’t they tell their constituents how good this legislation is and how they will benefit? Of course, the casual workers on an AWA at Spotlight are not going to be protected by the new legislation. They are not going to get anything more than 2c an hour for trading away their overtime, their penalty rates and their shift allowances—and they are not going to be on their own. No one who signed an AWA is going to benefit from this new legislation. This is a sadness for the parliament. It is fair enough for a government to have a view about legislation, and perhaps even for the opposition to have a slightly different view about legislation, but why are we afraid to debate these things in the parliament—in the people’s place? Why are we afraid to have a lengthy debate between many members of the government and the opposition?

I return to my theme: isn’t it sad that 90 per cent of the government’s members and ministers could not be bothered to put their names down on the speaking list—90 per cent. And amongst the 87 members of the coalition in this House there was not one National Party member who was prepared to face the people of Australia in the Parliament of Australia and say: ‘I like this legislation. This is good legislation. This will benefit my constituents.’ Not one National Party member did so. In fact, there was not one minister listed to speak on this legislation, other than the minister in charge. Yet it was really difficult for me because there were so many shadow ministers who thought that they should be given the opportunity to speak—

(Time expired)

Climate Change

Dr SOUTHCOTT (Boothby) (4.45 pm)—Like the member for La Trobe, I would like to speak on the issue of climate change. This afternoon, the government is receiving the report of the emissions trading task force. What it will allow is a response which will be based on evidence and science and which will be balanced with respect to the economy.
What we need is to see global reductions in greenhouse gas emissions to environmentally safe levels. Australia, over the last 10 years, has been working on this, so that the national greenhouse account shows that we will meet our Kyoto target. And a lot of the ratifying countries will not: Canada, Japan, Spain and France are all exceeding the targets that they signed up to in Kyoto 10 years ago, and some are well above.

We have heard the problems with Kyoto. If Kyoto is fully implemented we will see a 40 per cent rise in greenhouse gas emissions over 1990 levels, compared with a 41 per cent rise without Kyoto. So what we need to look at is: post 2012, how will a new Kyoto look? What it needs to do is to include major emitters like the United States, China and India.

Australia is deeply involved in the UN climate change convention. It co-chairs several important discussions on the post-2012 framework. Our initiative, the Asia-Pacific Partnership for Clean Development and Climate, AP6, includes China, India, Japan, Korea, the United States and Australia, covering 50 per cent of global emissions.

There is a lot going on in terms of technological solutions, looking at clean coal, clean gas, biofuels, and solar. Solar is only used by 25,000 homes in Australia now. But, with the budget incentive, seeing that there will be $8,000 for homes and $12,000 for schools to install solar panels, we should see that continue to grow. There is also wind and geothermal.

There have been a couple of recent initiatives by the government. One that is particularly important is the $200 million Global Initiative on Forests and Climate. The second-largest source of greenhouse gas emissions is actually deforestation in the tropical developing world. So we need more sustainable forest practices and more replanting. That is a very practical way to reduce emissions and reduce them now. This is an example of the weaknesses of Kyoto. This was not addressed in Kyoto and yet it is a very effective way of reducing growth in emissions. Carbon sink forests are, again, a very effective way of reducing greenhouse gas emissions and combating salinity.

There are a whole lot of things we can do in the area of energy efficiency. Australia has led the world in phasing out incandescent light globes. It has led the world by minimising the power used in electrical appliances in standby. And we are looking at investing in geothermal projects which have the potential to provide emissions-free energy.

Where Labor’s approach differs from the government’s is that they say, ‘We should have ratified Kyoto.’ But, as I said earlier, that will have no practical impact. It will not lead to the reduction of one molecule of carbon dioxide if Kyoto enters into force from Australia’s point of view. They have also said that they will have a 60 per cent reduction by 2050—without knowing what the impact will be. And it is just so far away that it is an impractical approach. The target has not been researched. What it would involve would be reducing the carbon intensity of the Australian economy by more than 80 per cent.

Australia is in a very different position from a lot of other countries. It is a producer of aluminium, steel, coal and natural gas. We need to have a balanced approach which is good for the environment and good for the Australian economy. It would be crazy for any future Australian government to decrease our competitive advantage in the world. We need an Australian solution to a global problem. The emissions trading task force report today does provide a way forward which will be good for the environment and good for the economy.
Climate Change

Mr ALBANESE (Grayndler) (4.50 pm)—This has been the fortnight of sitting in which the deniers of climate change have become the deniers of their climate change advertising campaign. In the past, the Prime Minister would have managed important political and policy matters much more effectively. The Prime Minister is a clever politician but lately he has not been too clever—cunning perhaps, but certainly not clever. He certainly would not have allowed the embarrassing climate change advertising issue to drag on for a week.

In answers to 16 questions over four days in this parliament, the Prime Minister misled the parliament about this advertising campaign. On Wednesday, 23 May, we asked whether a taxpayer funded, full-colour brochure with a personal covering letter was being sent out. The Prime Minister responded:

No such decision has been made by me or, to my knowledge, by the government.

To the second question, when we asked whether it had been market tested, the Prime Minister said:

I was very careful in the answer I gave. Everything that I have said was absolutely true.

On Thursday, 24 May, we asked whether $176,000 had been allocated for market research by Blue Moon, and the Prime Minister said:

... the government has not decided on any campaign.

We asked whether the Ministerial Committee on Government Communications, which the minister at the table, the Special Minister of State, chairs and on which Tony Nutt sits as his representative, had approved the market research. The Prime Minister said:

I have not, my department has not and my office has not.

We asked again whether a contract had been entered into—yes or no. The Prime Minister just referred to his previous answer.

On Monday we asked about the detail in the ads and whether one of them included an elderly lady talking about practical responses to climate change while she is boiling the kettle. The Prime Minister said:

I can only repeat what I said: no campaign has been approved.

We then asked whether these advertisements had in fact been filmed prior to us asking questions on the previous Wednesday or Thursday. The Prime Minister said:

I direct the Leader of the Opposition to exactly what I said last Wednesday or Thursday, and I stand by it.

We then asked whether the government had signed a contract with a government relations firm. The Prime Minister just referred to other answers. When we asked whether the theme of the campaign was ‘climate clever’, again we got obfuscation from the Prime Minister. Then we asked whether he had misled the parliament. In our sixth question that day, we asked whether taxpayers will have the existence of the campaign confirmed when they receive the letter and start seeing the ads. The Prime Minister did not answer the question.

On Tuesday we asked the Prime Minister to confirm that the theme of the campaign had been changed from ‘climate clever’. The Prime Minister simply spoke about the $741 million of new measures to address climate change. We then asked whether the climate change advertising campaign had not commenced despite the fact that taxpayers’ funds have already been spent. The Prime Minister refused to answer that question. The Leader of the Opposition then asked whether the Prime Minister had said, ‘Until something is approved by a minister, it has not been approved.’ The Prime Minister again obfus-
cated. We then asked, ‘How much taxpayers’ money had already been spent on the TV advertising campaign in the filming and booking of ads?’ Again, the Prime Minister did not answer. We then asked the Prime Minister whether he had misled the parliament over the last four days. The Prime Minister invited a censure motion. During that censure motion, the Prime Minister said:

Of course the government has set aside money for an information campaign in relation to climate change—

thereby confirming our motion. After four days of the government’s denial of this campaign, this is what Michelle Grattan had to say in the Age yesterday:

It was the day that John Howard looked panicked rather than prime ministerial.

She continued:

Howard had got himself into an absurd and unnecessary position by trying to deny the existence of planned climate change advertising on the ground it does not exist until it gets the ministerial tick. He simply sounds devious, stubborn and slightly crazy. He has, over several parliamentary days, created a bigger problem than he needed to have.

The real problem for the government is that this government, the Bush administration and the government of Kazakhstan are the only governments that are not part of the global effort to tackle climate change through the Kyoto protocol.

We asked the government today whether the polling that was provided to media companies had been the basis of the change in the government’s position in 2006 for their advertising campaign. The Prime Minister said that he would get back to the parliament. But, of course, he has not—and there is only five minutes to go. It is little wonder that California Governor Arnold Schwarzenegger said that, if you do not act on climate change: ‘Your political base will melt away as surely as the polar ice caps.’ (Time expired)

Queensland: Local Government

Mr LAMING (Bowman) (4.55 pm)—In the final moments of the House’s time, I would like to report on what is a very distressing period for local government areas and constituents in my area of Queensland and in local jurisdictions around the state with the Beattie government’s jackboot approach to reviewing and potentially amalgamating a large number of councils. This whole process is shrouded in mystery. The Queensland government’s approach has been to be quite secretive and quite rushed on this issue. That brings me back to my first experience with this debate about recognition of local government in the Australian Constitution, which is something the Local Government Association has been pushing for some time. Essentially, they believe that the nation’s Constitution should recognise and provide for the existence of local government, allow local government to exercise certain powers and, of course, allow local government to be protected from dismissal unless there is a particularly just cause—and in what is being experienced in Queensland at the moment, that is not necessarily the case.

We certainly need a fairer distribution of taxation and the provision of services among the three levels of government, and the ALGA have strong feelings that the recognition of local government in our Constitution would achieve just that. I am reminded of the words of Emeritus Professor Wolfgang Kasper, from the University of New South Wales and a fellow of the CIS. He said it was incredibly important to have formal recognition of local government. Typically, the only way to achieve that is through a referendum. The British government is an example of just that. They recently launched action to de-
volve tasks and taxes to councils so that local citizens have more say. That makes eminent sense.

But local governments today, as many on both sides of the chamber would realise, have increasing burdens placed upon them—they have to deliver a range of services, typically on a narrow and slow-growing revenue base. We often complain about potholes, the delivery of services and the collection of rubbish, yet so often we find that councils are short-changed. There is no better example of that than Redland shire, which is attempting to look after the social infrastructure needs of the large and populated and fast-growing bay islands, which do not have the support of the state government in delivering some of that essential infrastructure.

The Australian Local Government Association has made its position very clear, but it is only beginning to ring true and resound loudly in Queensland with the news of potential council amalgamations. The ALGA has already said that the rights of citizens to democracy and democratic values can be achieved through a referendum and a change so that we recognise local government—and seeking that constitutional recognition is probably one of the best ways to ensure and protect local democracy.

That reminds me of the motion on the recommendations of the Hawker report, which was brought to this House and, I believe, supported unanimously. I remember that Minister Lloyd himself spoke when he introduced that historic motion recognising the integral role of local government. That motion flowed from the work of the House of Representatives Standing Committee on Economics, Finance and Public Administration. What that motion said was that we need to recognise the importance of local government as part of governance in Australia—that it serves communities, through locally elected officials, and that we value the rich diversity of that form of government. In many cases, you need to live in some of these communities to know just how important the provision of local government services truly is. That report was unanimously supported by, I understand, both chambers. Yet the tide turns so quickly in Queensland when it becomes politically expedient.

The Queensland Local Government Act 1993 says that changes to government electoral boundaries by the review commission do require a referendum. Subsection 92(1) requires a compulsory referendum on certain reviewable local government matters, including ‘the state abolishing a local government area and merging the local government area with another one’. Of course, that all changed with the constitution of Queensland in 2001, which provided that states must have a system of local government. Section 78 of the constitution requires approval by a majority of electors for any bill ‘ending the system of local government in Queensland’.

The recent approach to amalgamate councils—if it represents what is effectively a forced amalgamation or emasculation of our council system—is of great concern to us. (Time expired)

House adjourned at 5.00 pm.

NOTICES

The following notice was given:

Mr Martin Ferguson to move:

That the House, in recognising support by the Australian Government, maritime unions and ship owners for the new International Labour Organisation consolidated Maritime Convention:

(1) urges the Australian, State and Territory governments to expedite recognition of the Convention by Australia; and

(2) calls upon the Australian Government to commit:
(a) resources to enhance compliance and enforcement measures to ensure successful implementation of the Convention as shipping workers are amongst the most exploited in the world because of the extensive use of flag-of-convenience vessels; and

(b) to cooperative processes, including legislative change and resource allocation, to support implementation of the Convention code, s there is exhaustive documentation of violence, intimidation, double book-keeping to cover up underpayment of wages, and even rape and murder in the maritime industry.
Mr GEORGANAS (Hindmarsh) (9.30 am)—Today, 31 May, is World No Tobacco Day. It is a day when we, as a nation, encourage our friends, our neighbours, our work colleagues and people around us to quit the habit of smoking. I feel very passionate about this subject—this is the third time I have made a similar speech in this chamber—because it is nearly three years to the day since I gave up cigarette smoking. I am very proud to be celebrating those three years of being smoke free.

Like most smokers, I took up smoking when I was a teenager. I suppose it was because of the images that were portrayed in cinemas. It was all around at the time and it encouraged youths, including me and many thousands of people my age in those days, to take up the habit. We did not have the facts on hand about the health consequences of smoking. There were only rumours about the effect that smoking had on our growth. We know all the dangers now of smoking and we all know the impact of smoking on Australia’s health. We know of the many deaths, heart attacks and strokes per year that are caused by smoking.

Tobacco, as we all know, is one of the most deadly drugs on the market. It kills over 19,000 Australians each year—that is one in seven adults—which is more than the combined death toll from road accidents, alcohol, illicit drugs, homicide, HIV, diabetes, and breast and skin cancers. Even though these statistics are startling, they are often not enough to make a regular smoker quit, and I know. Addiction to nicotine is often so severe in a regular smoker that quitting seems an impossible task.

Aside from the obvious effects of smoking such as bad breath, stained teeth, and smelly hair and clothes, smoking also causes cancer, heart disease, stroke, emphysema, asthma and blindness. Tobacco smoking is the biggest single preventible cause of both cancer and heart disease, causing 21 per cent of all cancer deaths and 13 per cent of all new cancer cases. Smoking is our No. 1 drug problem and it is responsible for 80 per cent of all drug related deaths and two-thirds of all drug related costs to the Australian community.

There have been many attempts to curtail advertising, and they have been fairly successful over the years. I have been shocked by some of the marketing tactics. The new market for the tobacco firms is our youth. People like me are either dying through smoking, getting very ill through smoking or giving up, as I have. So their new market is our youth. The tactics being used are absolutely disgusting. Recently one of our superstar actors was paid $50,000 to flash a packet of cigarettes constantly in a blockbuster movie. These are some of the tactics that tobacco companies are using.

I urge everyone who smokes to give up the cigarettes. I call upon my colleagues who do smoke to give up smoking and I call upon all my colleagues to ensure that we do everything we possibly can to prevent our youth from taking up this habit that will only cause harm, death and destruction. (Time expired)
Vocational Education and Training

Mrs MAY (McPherson) (9.33 am)—Today I would like to report to the chamber that the work skills voucher initiative is being taken up with a great deal of enthusiasm by many residents in McPherson. Work skills vouchers worth up to $3,000 are available to interested Australians aged 25 and over who do not have a year 12 or a certificate II qualification. The vouchers will improve, no doubt, the basic skills of Australians currently in the workforce or looking for work who have no formal qualifications. Improvements in basic skills will help people who are already in employment to move into higher level positions and assist those who are looking for work to find jobs.

My electorate office is on the same block as the Mackintosh International College, one of the Gold Coast’s largest private vocational training colleges. On a daily basis my staff talk to people who are applying for the work skills vouchers and, in fact, assist them with the statutory declaration that has to be signed to undertake studying with the voucher. The people’s ages and backgrounds are extremely diverse but they are certainly united in their support of this program and their opportunity to upgrade their skills. They are determined to get a vocational qualification and improve their confidence before either re-entering the workforce, looking to increase from casual to part-time or full-time employment, or retraining themselves to market themselves as a better job seeker.

In my own electorate, a lot of young mums are taking up this initiative and it is enabling them to get back into the workforce. It is giving them a pathway back into that workforce. Julie Leeding is one of those mums. She is from Currimbin Waters and she is a student who is now benefiting from the work skills program. She is currently studying a certificate II in business at Mackintosh College. Julie admitted she was a little apprehensive about studying; however, once she attended a class, those fears disappeared and she is now thoroughly enjoying the course and believes that it is offering everything she expected and more. In fact, Julie has told staff at the college that, as well as knowledge gained, there are hidden benefits. Her motivation has improved, she is excited about job prospects, she has renewed confidence in herself, and overall she is just a happier person. In fact, her daughter has told my staff that she is a much happier person to live with.

Julie hopes that the work skills program will continue so that others can benefit and gain the necessary skills to re-enter the workforce. Mackintosh College founder Darren Mackintosh said that, although the program only started on 1 January this year, the public are well informed about the program and the marketing of the program, and he is putting through student after student. I commend Darren and Mackintosh College for the part they are playing in reskilling people to re-enter the workforce or upgrade their skills for better jobs into the future. I commend the federal government for this great initiative.

Holt Electorate: Cranbourne Aquatic and Leisure Centre

Mr BYRNE (Holt) (9.36 am)—I rise today to speak about an important landmark project that is about to commence in Cranbourne: the construction of the Cranbourne Aquatic and Leisure Centre. This facility is to be built at the Casey Indoor Leisure Centre in Cranbourne East. The facility will include a 50-metre lap pool with moveable boom, a toddlers pool, a hydrotherapy pool, a water slide, a spa, a sauna, a steam room and a gymnasium. It is a great facility. A particularly unique feature of this pool is that it will produce the most environmentally self-sufficient local government pool in Australia.
During the construction phase and after completion, the project will not use any potable water and will save approximately 30 million litres of water a year. This project will set the standard for pools created from here on in, particularly in water usage, which is critically important in the new era of water shortages. The water savings are going to be achieved by the installation of a two-million litre underground tank for the collection of stormwater from the nearby Casey Indoor Leisure Centre. This tank will be used to store water to back-wash the pool each week.

Cranbourne is part of the City of Casey, which is the third fastest growing municipality in Australia. Water shortages feature prominently in this area, and Cranbourne is ahead of the game in many respects, with many new housing estates using recycled water. The project is going to cost about $37 million and will be predominantly funded by the Casey council. It is providing the bulk of the funds. The state government has pledged about $2.5 million through its Better Pools program. At this point in time there is no federal funding and, given the nature of this water-saving project, I do not think that that is satisfactory in this era. We should be taking a leading role in promoting this exciting water-saving initiative by the Casey council. Indeed, today a delegation from the City of Casey is coming up to Canberra to seek federal government funding for the project. The Mayor of the City of Casey, Colin Butler; Deputy Mayor, Kevin Bradford; Councillor Mick Moreland; chief executive officer Mike Tyler; and the manager of infrastructure, Ray Butler, will brief the federal opposition on this great project and seek avenues of funding support. They will be meeting the shadow minister for water and infrastructure, Anthony Albanese, and the shadow minister for trade and regional development, Simon Crean.

As the federal member whose electorate this great facility is in, I wholeheartedly support their endeavours and will do what I can to ensure that federal funding is provided for this project. I understand that this delegation will be meeting with my federal government counterparts in the next sitting fortnight, and I am also aware of the support of the member for La Trobe, Jason Wood, and the member for Flinders, Greg Hunt. This is a fantastic project which has bipartisan support but no federal funding. There is an opportunity here for us put our money where our mouths are and support a brilliant, innovative project. I commend this delegation for coming up here and I wish them well in their endeavours.

Hasluck Electorate: Parakeela Reserve

Mr HENRY (Hasluck) (9.39 am)—This morning I wish to talk about Parakeela Reserve, which now has 3,300 new trees within its grounds thanks to the innovation of the year 9 Yule Brook College students, with the help and support of years 6 and 7 Orange Grove Primary School students. Both schools have cooperated very effectively together as part of an innovative land regeneration project.

Previously, Parakeela Reserve’s main attraction consisted of a concrete drain overgrown by a mass of weeds. This caught the attention of a bright young group of students from Yule Brook College. These students are a fantastic example of community spirit within the electorate of Hasluck. Realising that together they could improve the area for the benefit of the community and the surrounding neighbourhood, they approached the Mayor of the City of Gosnells, Councillor Pat Morris, with the idea of transforming the barren reserve into a treed parkland area.
Over the past year both schools have worked together. They planted 2,000 seedlings in 2006, and this month they turned out in force again to plant a further 1,300 trees. With plans for more trees to be planted in the years to come, the Yule Brook College students’ idea of turning this reserve into a beautiful parkland is well on the way to fruition. The land regeneration program that enabled this transformation of the reserve was made possible by the Maddington Kenwick Sustainable Communities Partnership. The sustainable communities partnership committee’s main objective is to provide a framework and a plan for sustainable generation of Maddington and Kenwick. This project fulfils the objectives of that committee, which are to improve the physical, economic, environmental and social aspects of the area and to promote a positive and attractive image.

I congratulate the students of Yule Brook College on recognising the problem, devising a solution and working with the local community and the City of Gosnells and its mayor, and then engaging the services of the Orange Grove Primary School in a partnership that has really enhanced the beauty of that parkland. I think it is a great thing to see and it is a wonderful thing for our community. I have spoken on a number of occasions in the past about Orange Grove Primary School, which has developed a wonderful learning environment for students. What they have done for their students is a great credit to the principal and the teachers of that school. But to Yule Brook again, a neighbour to Orange Grove Primary School, I extend my congratulations on their innovation.

**Ballarat Electorate: Ballan District Health and Care**

**Ms KING (Ballarat) (9.42 am)**—Ballan District Health and Care have been providing health and residential aged-care services to the community of Ballan and district since the 1960s. Commencing operation as a Victorian bush nursing hospital, today they provide a broad range of acute, community health and aged residential care services. I particularly want to acknowledge the terrific work they do in the area of respite care, high-care nursing home care and dementia care. They do an absolutely fantastic job, but they need government support to expand their facilities and the types of services that they can provide to the local community. With Moorabool shire being the third fastest growing shire in Victoria, and much of that growth extending past Ballan, there is an increasing demand for and expectation of the health service. There is a desperate need to expand the infrastructure at Ballan District Health and Care to accommodate growing demand for access to allied health, dental health and other community health services.

Dental health is of particular concern to people who live in the Ballan area. When Ballan District Health and Care did a survey of the local community as to what their health needs were, it was identified as the highest priority. With the nearest public dental chairs in Ballarat and Sunshine, and with waiting lists for public dental care blowing out to 650,000 since the Howard government scrapped the Commonwealth Dental Scheme, access to affordable dental care has almost become non-existent for Ballan residents. The acute hospital facilities also need expansion. The infrastructure for private acute care is desperately inadequate and outdated. There are limited numbers of ensuite rooms available, with the last major capital work being undertaken almost a decade ago. There is also a shortage of beds, with, on many occasions, local residents not being able to access a private acute bed. In an area such as Ballan, with a growing and ageing population, action needs to be taken now.
Even the current level of demand is putting strain on the Ballan District Health and Care service, exposing their current infrastructure deficiencies. To combat this, Ballan District Health and Care want to create a one-stop primary care facility which will combine dental, physiotherapy, podiatry, psychology and family support services all under the one roof. This will only increase the quality and accessibility of their local health service. These initiatives are definitely worthy of federal and state government support. In partnership with the local community, I look forward to a favourable response from the federal government to the Ballan District Health and Care’s application for rural medical services. I hope that that application is looked upon favourably and that we have some good news shortly.

Maranoa Electorate: Mining Towns

Mr BRUCE SCOTT (Maranoa) (9.44 am)—I rise this morning for the benefit of the Committee and the people of Australia to give a snapshot of what Australia would look like if Kevin Rudd, the Leader of the Opposition, became Prime Minister. The Bowen Basin lies in the very northern parts of my electorate, and Emerald and Blackwater are two service towns to the coal industry. When I first became the member for Maranoa, Emerald, for instance, had a population of about 6,000 people. Yet, with this huge resource of the Bowen Basin, the workers were domiciled in the towns like Blackwater and Emerald. They really acted as dormitory towns rather than having businesses associated with coalmining as well.

The control that the unions had over those mining operations was holding back those communities, and it is the sort of snapshot people need to focus on as to the impact on rural and regional communities of the control that unions had over the union shop, if you want to call it that. The town of Blackwater was a dormitory town for the mining operations around there, but there were no businesses operating there that were directly related to the coal-mining operations in the way we have now. In fact, so chronic was the situation under the union dominance of the workplace at that time, the houses in Blackwater were actually being sold off and sent off into other towns. Some of them were being relocated to places like Birdsville, in the west of my electorate. They were being sold out of town because there was not sufficient business activity to keep the community of Blackwater growing.

Prior to our workplace agreements, under the union dominance of the workplace under a Labor government, any repair that had to be done to large mining equipment had to be done at a union shop. It had to be transported to places like Newcastle and Wollongong. It could not be repaired locally; it had to go to another union dominated workplace. Under our flexible workplace relations and Australian workplace agreements, we now see that privately owned and run businesses are servicing the mining sector and that large mining equipment. As I said at the start of my address, Emerald was a town of about 6,000 people and Blackwater was rather similar. Emerald now has a population of about 15,000. It is dominated by very small businesses that are servicing service providers to the mining community. If people want to have a look at what happens under a Labor government, they should look no further than at Emerald and Blackwater—(Time expired)

Housing Affordability

Mr RIPOLL (Oxley) (9.48 am)—Housing affordability has never been worse. Many young Australians have given up on the dream of homeownership. The average Australian first home buyer now pays $2,300 per month to service a mortgage, meaning they need a six-figure income just to meet their mortgage repayments. The March 2007 quarter HIA-
Commonwealth Bank housing affordability index is at its lowest since the index was established in 1984, and it is 10 per cent lower than it was at the same time last year. This is the second consecutive quarter when the affordability index has been below 100, and median house prices rose by 1.5 per cent in the March quarter alone.

Rents are also increasing in many parts of Australia, making it harder to make ends meet and almost impossible to save a deposit for a house. As if that were not enough, more families are losing their homes. Mortgage repossessions under this government have doubled over the last few years. The new interest rate reality means that Australians are paying more than they ever have to service their mortgages. Homebuyers need to borrow so much more because houses are so much more expensive. In 1996 the average house cost just three times the average annual wage, but today, even with very high wages, the same house costs seven times the annual wage.

At this rate, if the Howard government is re-elected, young people can forget about ever owning a home. While we were relieved to see the Reserve Bank of Australia recently maintain interest rates at their current level, we must not forget that there have been four consecutive interest rate rises since the last election and eight since this government was elected. However, stable interest rates over the last quarter did not prevent a rise in the monthly home repayment needed on a typical first home mortgage, which increased from $2,350 to $2,387.

Mortgage repayments accounted for more than 30 per cent of an average homebuyer’s income in the December 2006 quarter. Projections from HIA show that, if nothing is done, housing affordability for many will not be restored until 2022. Even these projections assume strong wage growth and interest rates remaining where they are globally today. Interest rate repayments on a $300,000 mortgage have increased by $2,346 per annum since the last election alone. Interest rates can only be controlled through good economic management, but the Howard government has been relying on luck and the global resources boom and has not done enough to ensure Australia’s future prosperity.

That is why Labor has committed to future prosperity by investing in skills, through education, as well as infrastructure and broadband. Labor is considering innovative policy proposals to tackle the housing affordability crisis and to help low-income families into homeownership through rent to buy and shared equity schemes and through encouraging private investment and affordability in the rental market. We believe every Australian deserves a secure, affordable house. Housing affordability is the untold story of how, under the Howard government’s watch, something as basic as buying your first home has become a distant memory. (Time expired)

**Stirling Electorate: Churches and Community Groups**

Mr KEENAN (Stirling) (9.51 am)—Today I want to recognise a number of churches and community groups in my electorate. It was my privilege to attend a number of events held in my local area last weekend, and I want to publicly acknowledge all of them. My first event was at the Scarborough Church of Christ, with Senior Pastor Paul Sanders and Wendy Stanford. I attended their community gala fete, which was held as part of the National Day of Thanksgiving but in particular to celebrate Stirling Seniors Day Out. This was a day that was to honour seniors, volunteers and service clubs.
There are a number of Churches of Christ throughout my electorate, and I want to commend them all on the work that they do in our local community. Today I want to particularly mention Scarborough. I wish to congratulate them on the community work that they carry out through their food bank, which enables low-income earners to secure various groceries for a nominal cost and also frozen meals, which are prepared by the members of the church and kept in stock to help families or individuals during difficult periods of their life. The church also provides family food packs, which consist of long-life foods which help feed a family in crisis for three or four days. All of these things are carried out selflessly by the church members, and I thank them for their commitment to our community.

Later on Saturday afternoon I attended the Stirling Panthers 2007 senior soccer carnival held at Yuluma Reserve in Innaloo. This was organised by Maria Iacieri of the Italo-Australian Welfare Organisation. Even though the weather was not so kind in the west on Saturday, it was great to see so many young people participating in this growing event.

On Sunday I had the privilege of attending a service at the Victory Life Centre in Osborne Park, at the kind invitation of Pastor Margaret Court, a person who is well known throughout the nation not only for her unrivalled record in tennis but also for the good deeds she performs as part of one of the most active church groups within the electorate of Stirling. Again, the service was part of the National Day of Thanksgiving celebrations. The Victory Life Centre also has a welfare arm, which was established nearly six years ago by Pastor Margaret as a mercy ship to provide for the needy people of Perth. They provide a wide range of assistance, such as furniture, clothing, accommodation and food items, which are distributed to families throughout the metropolitan area. This is another fine example of the tireless community work that is carried out by local members of the church.

My final function on the weekend was to deliver the closing address at the expo held at the Herb Graham Recreation Centre in Mirrabooka as part of Bringing Communities Together: Symposiums on Australian Muslims. It was pleasing to see such a large number of Muslim and non-Muslim members of the local community together at this expo, all celebrating the diversity of Australia through experiencing music, dance and food from across the globe. The expo was held as part of the initiative introduced by the Australian government Department of Families, Community Services and Indigenous Affairs. I congratulate the President of the Islamic Council of WA, Mrs Ahdielah Edries, who is also the first woman in Australia to be appointed a principal of an Islamic school. (Time expired)

**Shortland Electorate: Health**

**World No Tobacco Day**

Ms HALL (Shortland) (9.54 am)—I would like to bring to the attention of the chamber today the chronic problem within the Shortland electorate caused by the GP shortage. Yesterday it was reinforced to me yet again when one of my staff members contacted me down here and told me the story of an elderly gentleman who is very ill but cannot access a doctor within the Belmont-Swansea area. This gentleman lives alone and has to travel well outside the area to see a doctor. He is not on his own. Over the last 18 months the shortage of doctors within Shortland electorate has grown. All the doctors between Swansea and Belmont have closed their books in an area with a population of around 15,000 people. This situation may not be important to the government, but it is so important to the people in that area, particularly the
elderly people—and a number of elderly people live in the area—and those people who are stuck in their homes and are unable to go and see a doctor.

This crisis was also brought home to me today when my office forwarded to me today’s Newcastle Herald. The ‘Health crisis emerging’ article on page 7 said:

Hunter hospitals are struggling to cope with growing pressure on their emergency departments, with patient numbers increasing by an average of 10 per cent in the past 12 months.

I would argue that a big catalyst for this 10 per cent increase is the simple fact that there are no doctors for people to see in their local areas and the only option for people is to visit their local emergency department.

On another matter, I would like to implore the government to reopen the Belmont Medicare office. Elderly people from Swansea, Belmont, Nords Wharf and Catherine Hill Bay have to travel to Charlestown to access a Medicare office. They have a shortage of doctors, they have doctors that do not bulk-bill and then they have to travel a long way to get reimbursed for the cost of their medical expenses.

On a final note, I would like to refer to the previous speaker from our side, the member for Hindmarsh, who acknowledged that today is World No Tobacco Day and told us that it is three years since he gave up smoking. I am going to boast a little more than that. In September this year it will be 28 years since I gave up smoking. It was one of the best health decisions I have made in my life. I join with him in encouraging all other members of this chamber to give up smoking. (Time expired)

Canning Electorate: Roads

Mr RANDALL (Canning) (9.57 am)—On World No Tobacco Day can I say that I have never been a smoker—and I am very grateful for that. I would like to bring to the attention of the parliament two roads in my electorate that I am passionately fighting for. I want to put on notice that, even though I missed out through the budgetary process on strategic road funding for these roads in the Canning electorate, I am going to continue to fight for these roads. This government is a government that produces surpluses. I hope that in the future there is another round of strategic road funding and, if there is, I, along with my local government authorities and community, will be working hard to deliver these roads to the electorate.

As an aside and to demonstrate that I missed out, in the budget the electorate of Brand was given $6.7 million of funding for the extension of Mundijong Road. Mundijong Road goes through my electorate and extends into Brand. The extension will provide a direct route into the city of Rockingham. I am pleased to say that, last Friday, I was there with the Liberal candidate for Brand, Phil Edman, along with the Mayor of the City of Rockingham, Mayor Samuels, officers and other people to herald the funding of the extension of Mundijong Road. Interestingly, the member for Brand did not turn up and the Labor candidate for Brand, Gary Gray, did not even bother turning up—yet they put out a press release claiming that they were responsible for the funding of this road. So how about disingenuous behaviour there!

In relation to the two roads that I am fighting for, under the AusLink strategic regional program the City of Gosnells’ submission seeks funding for the dualling of Garden Street between Moreton Road and Nicholson Road. Currently this road carries 9,500 vehicles daily, and it is predicted that, within the next number of years, it will carry 44,000 vehicles a day. It
is not a hugely costly project. It satisfies the regional nature of the program because it is connecting two highways.

The other road that I wish to talk about is the Southern Bypass in Pinjarra. It is a road that is costing $22 million, and seeking $10 million from the federal government. This council now has got its act together and has partners through Boddington Gold Mine and Alcoa. The state government has come to the party now. I am asking that the federal government consider it very carefully, because there are something like 10,000 vehicle movements through this town a day. There are a huge amount of B-double trucks and heavy vehicles right through the city streets of Pinjarra. This needs to be addressed. I will be doing my best to attract funding for this worthwhile project in Pinjarra. It is something that has to be done for the safety of the amenity and the infrastructure for the Peel region. It is something that I will continue to fight to have delivered for my electorate of Canning.

**The DEPUTY SPEAKER (Hon. IR Causley)—Order! In accordance with standing order 193 the time for members’ statements has concluded.**

**APPROPRIATION BILL (No. 1) 2007-2008**

Cognate bills:

**APPROPRIATION BILL (No. 2) 2007-2008**

**APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2007-2008**

**APPROPRIATION BILL (No. 5) 2006-2007**

**APPROPRIATION BILL (No. 6) 2006-2007**

Second Reading

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

That this bill be now read a second time.

upon which Mr Tanner moved by way of amendment:

That 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 is of the view that:

(1) despite record high commodity prices from surging demand from India and China and rising levels of taxation, the Government has failed to secure Australia’s long term economic fundamentals and should be condemned for its failure to:

(a) address Australia’s flagging productivity growth;

(b) stem the widening current account deficit and trade deficits;

(c) attend to the long term relative decline in education and training investment undercutting workplace productivity;

(d) provide national leadership on infrastructure including a high speed national broadband network for the whole country;

(e) expand and encourage research and development to move Australian industry and exports up the value-chain; and

(f) reform our health system to equip it for a future focused on prevention, early intervention and an ageing population;

(2) the Government’s failure to address the damaging consequences of climate change is endangering Australia’s future economic prosperity;
(3) the Government’s extreme industrial relations laws will lower wages and conditions for many workers and do nothing to enhance productivity, participation or economic growth; and

(4) the Government’s Budget documents fail the test of transparency and accountability”.

Mrs ELLIOT (Richmond) (10.01 am)—I rise this morning to speak on Appropriation Bill (No. 1) 2007-2008 and cognate bills. There certainly are a number of concerns arising from this year’s budget. First and foremost of those, I believe, is the fact that this budget really fails the future test. It fails to prepare Australia for the number of challenges we must face in the coming years—in particular, challenges such as the skills shortage, climate change and, very specifically for my electorate, the health needs of an ageing population. Critically, this budget fails to look beyond the next federal election. All in all, this year’s budget was a demonstration of a lacklustre and increasingly out-of-touch Howard government with very short-sighted vision—a government that is trying desperately to hold on to power at the cost of future generations of Australians. Indeed, it is in fact a government stuck in the past.

In contrast to this, the federal Labor Party offers the Australian people an optimistic and forward-thinking vision for our country. We offer practical nation-building initiatives and measures designed to see Australia prosper through the years ahead. In the future we have to put in place policies which will allow us to reach our full potential as a nation, and it is only through the election of a Rudd Labor government that our country will reach its full potential.

I want to touch on various aspects of this year’s appropriation bill. Firstly, it does contain the tax cuts which Labor will support, and we have stated that. It also contains a one-off payment of $500 for pensioners and a one-off payment for carers of $1,000 which Labor also supports. Of course, whilst welcoming these tax cuts, it is with the acknowledgement that this is indeed the highest taxing government in Australia’s history. In welcoming these one-off payments, it is, of course, taken with the reality that pensioners and carers have been continually forgotten by the Howard government—except, it seems, when it comes to election times. Conveniently, perhaps, they are then very slightly remembered.

It is these groups in particular that are struggling in my electorate of Richmond. Twenty per cent of the population is aged over 65 and that is one of the highest percentages throughout the country. As I have said many times before here, that is the estimation for the percentage of people aged over 65 in the year 2040. So we need to get it right on the ground in Richmond now if we are going to be catering for the future ageing of our population.

I hear daily of the struggles of local pensioners who are simply trying to survive day to day with increasing prices for petrol, rents, mortgages and, perhaps very significantly for them, health care. These people need help every day, not just when the Howard government is gearing up for an election and passing them a small amount of money. They need help continuously.

Put quite simply, carers are doing it very tough. They do it tough daily with difficulties that most of us could only ever imagine and they do it with so little government support. Often so many carers are dependent on volunteer community groups. Whilst these groups do an incredible job, they too are drastically underresourced. Unfortunately, carers in our community have been forgotten for years under the Howard government—again, until election time, as I said, when a small amount of money is passed to them. Let me emphasise that, whilst this $1,000 is welcome, it is nowhere near enough to address the daily battles that carers often have. Indeed, it is a very tough job that they do and they need help daily, weekly and fort-
nightly. They need help. These people make huge personal sacrifices and they deserve increased support from the government.

The issue of increased support for carers is particularly relevant, as negotiations for the fourth Commonwealth State/Territory Disability Agreement—CSTDA—are currently underway. Carers are very tired of the constant blame game which occurs at these negotiations as well as the blame game they witness when attempting to access government services. Quite frankly, this needs to end. The minister responsible has already stated there will be no growth funding to the CSTDA. This is indicative of, and consistent with, the government stance on this issue. Carers are simply not given the priority they deserve. The CSTDA negotiations give the government the opportunity to remedy this, yet I fear the needs of carers and disability service providers will once again fall on deaf ears.

It was disappointing to see in the budget that, whilst pensioners and carers did receive that one-off payment—inadequate as it may be—one group entirely forgotten are those dependent on the disability pension. This is a group that has suffered under increased strains, particularly with the health system, and those strains have occurred under the Howard government. It has failed to address those issues. This is also a group which has struggled with the increasing complexity in accessing government services. It is a group that has definitely suffered under the blame game that the Howard government always seems to involve itself in. The fact that they have been forgotten in this budget is further proof that the government is so out of touch with the needs and concerns of the most vulnerable people in our society.

My electorate of Richmond has one of the largest groups of veterans in Australia. Of course, their contribution to the local community is unparalleled. It has been a great honour for me to meet so many of those veterans and veterans’ groups over the past couple of years. It is certainly true that veterans often do it very tough. Many continue to suffer very serious and ongoing physical and mental health problems. They often encounter government services that are very difficult to access. Many are on pensions and are struggling week to week with the increase in the cost of living, particularly health care. The sacrifice of these individuals in serving their country should not be forgotten, and by not including anything in this budget for veterans and veterans’ services that is exactly what the Howard government is doing.

Alternatively, in the Labor Party we certainly acknowledge, understand and respect the sacrifice of these Australians and we are very committed to honouring that. As we have stated, a Rudd Labor government will restore the value of the special rate disability pension, TPI and TTI intermediate rate and extreme disablement adjustment pensions by indexing the whole of these pensions to movements in the male total average weekly earnings or the CPI, whichever is greater.

When the Howard government indexed a range of pensions in 1997 they totally forgot, and put aside, these three pensions for disabled war veterans. Under a Rudd Labor government, the value of these pensions, which are paid to our most severely disabled veterans, will not continue to erode as it certainly has been doing under the Howard government. I strongly believe that our veterans deserve a government which will fix this situation, and that is exactly what they will get with a Rudd Labor government. Federal Labor’s policy will affect 43,000 more veterans with disabilities right across the country and more than 600 in my electorate of Richmond. I am very proud to be a member of a party which prioritises the needs of veterans. I will certainly always continue to fight for the increased recognition of their service.
As I stated earlier, the standout feature of this budget is that it fails the future test. It is the budget of a tired, weary government locked in the past, trying to spend its way out of trouble. Certainly one of the major issues today is that Australia is suffering a skills crisis. It is a skills crisis that has occurred under a government that has neglected Australia’s future and has failed to invest in the things that make our country strong: our education, our infrastructure and our future generations.

This is of course affecting our productivity and it means that economic growth is not as strong as it could be. In the mid-nineties, productivity was at 3.2 per cent. Last month’s projections had it at 1.5 per cent. An independent analysis from the Parliamentary Library also contains a staggering admission that productivity is likely to be zero overall for 2006-07. That is zero for a country that is experiencing a mining boom and zero for a country with record surpluses to invest in education and skills training but with a government that has clearly failed to do so. Let us be very clear about the reality of this situation: this is negligence committed against future generations of Australians and it is the legacy that the Howard government will carry with it.

Federal Labor is determined to face this challenge head-on, because the more you put into education, skills and training, the more productive our nation will become. Facing the skills challenge will require this country, starting with the federal government, to prioritise the education and skilling of our population and to encourage Australian enterprise. Indeed, it will require nothing short of a real education revolution.

We in federal Labor have already announced the first six chapters of our education revolution, starting with a $450 million commitment to early childhood education. We will make sure that all four-year-olds get 15 hours a week of play based learning, which will give them the head start they need before starting school. We will also improve resources committed to numeracy and literacy programs, encourage students in maths and sciences, establish a national curriculum and foster the sharing of facilities between government and non-government schools.

In contrast, in this budget the Howard government has failed to properly invest in education funding. In this budget the Howard government announced the building of three new technical colleges. Indeed, what a debacle these technical colleges have been so far. We have seen funding stripped from our TAFEs across the country and put into these tech colleges, and what has been the result? We are seeing limited numbers being built and limited numbers of students so far. Then we see three more tech colleges in this budget. And where are those colleges going? They will be in Brisbane, Sydney and Perth, therefore ignoring the rest of the country and those of us in regional and rural Australia.

The Howard government’s neglect of education and training continues the high unemployment rates in regional, rural and coastal communities, which include my electorate of Richmond. In Richmond the youth unemployment rate is constantly over 30 per cent, and the reality for many young people in that area is that they just do not have the opportunities to get adequate training. It is for this reason that I am particularly heartened by the latest chapter in Labor’s education revolution. A $2.5 billion trades and school program will mean that new trades training centres will be established in every high school, public or private, with schools being eligible to apply for grants to help with equipment costs.
To complement this, Labor will provide an extra $84 million for on the job training for 20 weeks a year for students in years 9 to 12. This will make it easier for those students wanting to access trade training, whilst also encouraging them to stay at school. Access Economics has forecast that, if year 12 retention rates were lifted from their current rate of 75 per cent to 90 per cent, Australia would add $9 billion to our economy by 2040. So encouraging kids to stay at school while ensuring access to trades training is good for students, good for families and good for the country. It is a positive step in addressing Australia’s skills shortage and an overdue investment in our nation.

Richmond is an electorate with a large number of small businesses concentrated primarily in the tourism and retail industries. They have the very arduous task of dealing with government red tape, most of which has been created and increased under this government. Never before have small businesses had to fill in so much paperwork. It is costly and, in being so time consuming, it does take that important time out of making their businesses as successful as they could be. Small businesses long ago gave up hope that the Howard government would deliver on its 1996 promise to cut business regulation by 50 per cent.

But Labor has been listening to small business. In April Labor’s BAS Easy plan was announced—a proposal for a simplified BAS reporting system designed specifically for small family-run businesses and independent contractors. Small businesses operate in a tough competitive environment, and government should always be aiming to help small business be as productive as possible. This will be helped by the two Labor initiatives announced during the opposition leader’s address in reply.

The first of these is that business will have the power to charge interest on government accounts not finalised after 30 days. This is crucial for business, particularly small business, which is so dependent on cash flow. Federal Labor will also establish a superannuation clearing house, where employers will be able to meet their superannuation obligations by paying into the one clearing house. From there, the payments will be disbursed to the relevant funds. This means less paperwork for business and makes it easier for employees to track their payment. It simply makes more sense.

The Labor Party have a very long and proud tradition of being nation builders. If we look at matters such as the Snowy Hydro scheme, the Harbour Bridge and superannuation, we see that all were Labor initiatives which have made this country prosper, have made this country strong and indeed have defined us as a nation on the world stage. So the time has now come for a new investment, one designed for the 21st century and the unique challenges that we face. Labor’s national broadband initiative does just that.

At the moment, as we all know, broadband in Australia is slow, unreliable and expensive. Yet broadband is essential for education purposes, for businesses, for families and also for accessing many medical services, particularly in very remote areas of the country. Labor has faced this challenge with a willingness to invest up to $4.7 billion, in conjunction with private enterprise, into a broadband network that will ensure broadband speeds 40 times faster than at present. Australia’s broadband is currently one of the slowest in the Western world, and the effects are being felt right across the country. Business is relying on this form of nation building, and Labor is listening and responding.

One of the many reasons that Australians know that this budget fails the future test is the fact that it did not address climate change. Without addressing climate change, we cannot
adequately address Australia’s future. It was very disappointing to see, through this budget, the government confirm that they are indeed climate change sceptics. In contrast, the Labor Party have announced a raft of measures designed to deal with the realities of climate change, including the establishment of a $500 million clean coal fund and helping Australians install energy-saving devices such as solar hot-water systems and water tanks by providing low-interest loans. These measures, in addition to ratifying the Kyoto protocol, are important because they will help Australia to achieve Labor’s target of a 60 per cent drop in carbon emissions by 2050. And it was wonderful to see federal Labor’s announcement today of the five tests for an effective emissions trading scheme.

Not only does this budget fail the future test; it fails to address urgent needs that exist in the community right now, needs that must be addressed. One of the major issues is dental care. This is an issue I hear about daily in my electorate. People are suffering because they cannot afford to get dental care. This government has failed to properly acknowledge or fix the problem. The waiting list for dental services in Richmond can sometimes be years and years. We all know that bad dental problems can lead to other health problems. It really is shameful that nationwide there are 650,000 people waiting for dental care. Over 4,000 have previously signed my petition calling on the government to reinstate the Commonwealth Dental Scheme, which it abolished in 1996. People who are reliant on public dental services are sick of the blame game which the federal government has subjected the community to by denying its responsibility for providing dental services. My frustration at this is exacerbated by the fact that proper investment in dental care is good economic management, because every year thousands of patients, including increasingly alarming numbers of children, are admitted to hospital wards because they were not able to access proper and affordable dental services. So an added burden is being placed on the health service, which could be alleviated by reinstating the Commonwealth Dental Scheme. That is precisely what a Rudd Labor government will do. We have been listening to the concerns of the community on this major issue and we know how wide-reaching the concerns are.

In my concluding remarks I want to emphasise again that this budget is about the Howard government failing the future test. It has done nothing to prepare Australia for the unique challenges that we face in the next century. It has done nothing to deal with the skills crisis, which truly is astonishing, considering that productivity growth is now almost at zero. It does nothing to prepare Australia for life after the mining boom. And, critically, it does nothing to address the very, very important issue of climate change, a matter that must be addressed not just locally and nationally but internationally. We need to see major action in relation to climate change.

It is very disappointing to see that, as well as neglecting the future, this budget in fact does nothing for the real and immediate challenges that Australia is facing at the moment, particularly with dental care and the need for increased services for veterans and disability services. These are all urgent priorities for the nation and ones that have been forgotten by the government. Quite clearly the focus for the government is only on winning the next election; that is what it is about. Using as much spin and taxpayers’ money as they possibly can—that is what they are focused on. An outrageous amount of taxpayers’ funds are being spent at the moment, and it is causing a lot of angst in the community. People are getting pretty sick of the spin and sick of the fact that that is what the Howard government are focused on. They are just focused
on their own agenda, on the next election. They are not really interested at all in the individu-
als and families out there—all those people struggling week to week due to the rising costs of
living. Those costs are right across the board, whether it is petrol, mortgage or healthcare
costs. People are struggling each week. All those families are already under so much pressure,
particularly at the moment because of the Howard government’s extreme and unfair industrial
relations laws. In my electorate of Richmond, people often approach me telling me about how
their work conditions and their overtime penalty rates have been cut due to this government’s
extreme industrial relations laws and about the very devastating impact that is having upon
their families.

This is a budget with many gaps, and this is a tired old government with many gaping holes
in a whole range of its policy issues, whether they concern health care, dental care, veterans,
disability services or aged care. For a large number of elderly people in my electorate there
certainly needs to be much more commitment to home care so that they can stay in their
homes for longer. In contrast to the Howard government’s lack of funding in the budget, fed-
eral Labor is committed to the future of our nation and to providing a future for all those who
have been abandoned by the Howard government. We need to make sure that people right
throughout our community have a decent future, including our young people and, in particu-
lar, all those young people in regional and rural Australia who have been forgotten by the
Howard government. (Time expired)

Mr KEENAN (Stirling) (10.21 am)—It is a great pleasure to rise to speak on the Appro-
priation Bill (No. 1) 2007-2008 and cognate bills, because, in a very real sense, this budget
has locked in the economic gains that Australia has made over the past 11 years. We are in our
16th year of sustained economic growth—a record unparalleled in the history of this country.

This is a budget that only a coalition government could bring down, because a budget like
this could not have been brought down unless you had had 11 years of sound economic man-
agement. You could not have brought down this budget if Australia were still paying out $8
billion in interest on a $96 billion government debt. That extraordinary figure—$96 billion—is
the debt that we inherited from previous Labor governments, and we have subsequently
paid it off.

You could not have brought down a budget like this if you had consistently run budget
deficits, as Labor governments federally have historically done and as they are now doing in
the states. You could not have brought down a budget like this if you had failed to provide for
the enormous unfunded liability of Commonwealth superannuation through the Future Fund.
You could not have brought down a budget like this if you had failed to reform an antiquated
tax system. You could not have brought down a budget like this if you had failed to unleash
personal productivity through reforms in our workplace. Indeed, you could not have produced
a budget like this unless you had behaved like a fiscal conservative when in government.
When I say ‘behaved like a fiscal conservative’, I mean more than taking out television adver-
tising time to say that you are a fiscal conservative. In fact, being a fiscal conservative is far
more than your spin doctors telling you to say that you are. What is it about? It is about a re-
cord of achievement. It is not about looking at what you say; it is about looking at what you
do.

We know very well how the Labor Party operates in government. We can see it with the
eight separate governments that they now control around Australia. Which one of those gov-
ernments would anyone here characterise as a fiscally conservative government? It would be an interesting exercise for us to sit around as federal MPs and work out which of these governments is the worst government in Australia, because there would be some hot competition for that title.

In contrast, the Howard government has an economic record that would be the envy of any government internationally. It is an economic record, as I said, that has seen Australia move into its 16th consecutive year of expansion. Our annual GDP growth rate has averaged over 3.5 per cent for this period. That is extraordinary for an advanced economy. As I said, this is the longest history of expansion in Australian history. At the end of the day, everything hangs off economic growth. You cannot be green unless you are in the black. You certainly cannot provide social programs unless you have a strong fiscal position.

As a result of this growth, over two million jobs have been created since March 1996. That is really quite an extraordinary figure. Two million people have entered the workforce since the Howard government came to office. The unemployment rate has fallen from 8.2 per cent to 4.5 per cent and it is now at a 30-year low. In my electorate of Stirling, unemployment was in double digits before the Howard government came to office; it is now down to about five per cent. That is a lot of families who now have a future who did not have one under the Labor government. The proportion of the working-age population in jobs is now at the highest level on record. So not only have all these jobs been created, not only is unemployment at record lows, but the participation rate is at a record high. This is all very good news.

In addition to this, real wages have increased by 20 per cent over the same period. We have heard some Labor talk this week about the cost of living, but of course the increase in real wages is an indication that the cost of living has actually decreased under the Howard government. Once you take out the increases for CPI, people are now earning substantially more.

A broader measure of living standards is real net national disposable income per capita, and it has grown by a staggering 36 per cent since March 1996. Historically, periods of growth at that level have been accompanied by inflation. But CPI inflation has averaged only 2.5 per cent during the current expansion, which, as members would know, is right smack bang in the middle of the Reserve Bank’s target, which aims to keep inflation between two and three per cent. Low inflation has, of course, allowed the Howard government to keep interest rates low. Business investment has grown strongly during these years and it is now at historically high levels as a share of GDP.

All of these amazing financial statistics and all of this impressive achievement have come despite a number of substantial global shocks that in past times would have knocked the Australian economy around. There was the Asian financial crisis of 1997; the global downturn at the beginning of this decade; the enormous shocks of the September 11 terrorist attacks; threats of global diseases, like SARS; and, of course, historic high global oil prices. On the structure reform side, key initiatives have included substantial overhauls of taxation and workplace relations. Unless the government had had the courage to take these tough decisions, there is no way that we would be seeing these incredible economic results.

This record of achievement is the difference between the real thing and the pretenders. The coalition government has 11 years of achievement under its belt. That is 11 years of actually behaving like fiscal conservatives as opposed to just saying that we are fiscal conservatives. It is true, as members on the opposite side are very fond of saying, that we are living in very
good economic times, but the fact that we are living in good economic times is a result of
government policy. The idea that somehow the Australian economy operates in isolation to
the settings that the government creates is really quite farcical. The ALP would have us be-
lieve that this has somehow all just happened—that the Australian economic miracle is some-
how chance or the result of the mining boom. That just is not true.

I will turn to some of the specifics in the budget. I think the centrepiece of this year’s
budget, as it has been in previous years’ budgets, was a tax cut for all Australians. This is
building on a record of providing tax relief since the year 2000. Tax relief in this year’s
budget is worth $31.5 billion over four years. It rewards effort, it improves incentives and it
enhances Australia’s global competitiveness. I want to look at the coalition’s record on tax
reform, because I think this is extraordinarily important. From 1 July next year, the 30 per
cent threshold will be raised to $30,000. The low-income tax offset will be increased from
$600 to $750 per year, and it will be phased out from $30,000—up from $25,000. From 1 July
2008, the 40 per cent threshold will be raised to $80,000, and the 45 per cent threshold will be
raised to $180,000.

There are bills on measures that the coalition government has taken previously. Since
2004-05 the first marginal tax rate has been reduced from 17 per cent to 15 per cent; the 30
per cent threshold has increased from $21,600 to $30,000; and the low-income tax offset has
been increased from $235 to $750. This means that Australians are paying far less tax as a
result of the good economic times that the government has played a substantial role in creat-
ing.

The other most notable feature of this budget is the genuine education revolution that was
announced. This was a genuine revolution, as opposed to just saying that you are going to
have a revolution. This was backed up by $5 billion for the creation of the Higher Education
Endowment Fund. This will go a long way to help Australian universities realise their poten-
tial. The Higher Education Endowment Fund will provide a guaranteed source of income for
Australian universities in perpetuity. It will provide money for capital investment and for Aus-
tralian universities to create enhanced research facilities. The income earned will be distrib-
uted yearly to universities across the nation. The initial investment is $5 billion but further
capital injections may be made by the government into the HEEF. Of course, you can only do
this when you have a surplus.

The fund will enhance Australia’s reputation as a provider of world-class education ser-
vices and it will improve productivity around Australia. The ALP loves to talk about produc-
tivity, but this is something that will go a long way towards enhancing Australia’s productiv-
ity. The government will invest another $1.7 billion over four years to give universities added
flexibility to underpin future productivity growth. That is another enormous investment. On
budget night I ran into several vice-chancellors I know, and quite frankly, they were terribly
impressed with what this budget holds for them.

Universities are not the only part of the education sector to benefit. The coalition does not
believe that university education is the only worthwhile form of education. As I move around
the community, the skills shortage is constantly raised with me, as it is with many members of
this place. I personally would be more inclined to characterise it as a labour shortage. We do
have shortages in various skill sets, but because of the economic boom we really have a short-
age of labour. When you have record low unemployment, it is hard for employers to find peo-
people to work for them. The government recognises this and is putting in another $549 million over four years to train apprentices in the skills shortage trades. This is on top of the other things that the government has done, such as create the Australian technical colleges. Over a quarter of a million apprentices will benefit from this measure over four years.

Schools are not forgotten in this budget. The government will supply an extra $843 million over four years to improve the quality of teaching and education outcomes. We all recognise how vitally important education is. Of course, the state governments are largely failing in their responsibilities to fund state government schools. As I move around my community of Stirling, I am sometimes astonished by the state of the infrastructure in local state schools. In true style, the Carpenter government never does anything about it, apart from bleat that it is somebody else’s responsibility. This extra funding in schools builds on the Investing in Our Schools Program that has already injected $1.2 billion into schools around the country. In my electorate of Stirling that has meant that local schools have been able to have new play equipment, introduce new information technology into the classrooms and build on lots of things that benefit their students.

I turn to childcare assistance. It is very important to note that the Howard government now spends two and a half times more on child care than was ever spent by the previous government. That is an extraordinary level of growth. Of course, you cannot do that unless you have managed the economy well. The Howard government has introduced the childcare benefit and the childcare tax rebate, which covers 30 per cent of the out-of-pocket expenses associated with child care. From 1 July next year, the childcare benefit will be increased by 10 per cent.

Other great examples of why economic management is so important are the reforms that have been made to superannuation and retirement savings. In last year’s budget I think that probably did not get as much fanfare as it deserved in the sense that it really was something that changed people’s lives. I know, from my own experience of talking to people, it has allowed many people to be able to retire earlier. This year’s budget built on those wonderful efforts—that wonderful superannuation reform that saw people being able to withdraw funds from their superannuation fund. Instead of paying a complex array of taxes as existed previously, they can now withdraw money from superannuation and pay no tax—not one cent of tax. That is a life-changing thing for people who have saved hard for their own retirement.

In this budget we have particularly focused on superannuation for the low paid. This budget boosts the retirement savings of low-income earners to the tune of $1.1 billion by doubling the co-contribution payment paid for eligible contributions in the financial year 2005-06.

We owe older Australians a debt of gratitude for building this country in times that were substantially harsher than those we enjoy now. It is important for the government to recognise that and this budget has done so. This budget will provide $1.3 billion so that older Australians can receive a bonus of $500 for their utilities. This allowance has been paid in previous years and it will be paid again on 30 June 2007, although it will be substantially increased this year to $500.

Carers, who do a wonderful job in our community, will receive a $1,000 bonus payment. This is the fourth year in a row that this bonus payment has been made. Veterans are another group I think which collectively we owe a large debt to. Veterans will receive an extra $160
million, as their per-fortnight payment of special rate disability pension will be increased by $50.

One-off payments—this is not the most expensive measure in the budget, but I think it is a very important one—will be made to Australians who were prisoners of war in Europe. If they are no longer alive, then that payment can be made to their surviving partner. I think that everyone in this chamber would agree that there are very few people who are more deserving of the thanks of a grateful nation than those who suffered tremendously as prisoners of war.

My time to speak is running out, unfortunately. There is substantially more in this budget in the way of transport and water infrastructure. But I want, in the few minutes that I have remaining, to talk about something that impacts heavily on my electorate and is the result of a measure that was announced in this year’s budget. This year’s budget added an extra $250 million to the AusLink strategic program. That means a tremendous amount to electors in Stirling because $10 million of that money has been offered to the City of Stirling to address a serious black spot that has exercised the minds of people in my electorate for many years.

When the Reid Highway extension went through to the coast, it intersected with a number of main roads in my electorate and, unfortunately, the decision was taken not to build overpasses where they intersected, which was a mistake in hindsight. I am the first to admit that that was a mistake that was made by a Liberal government. Unfortunately, subsequent governments have not committed to build these overpasses. Initially they would have cost about $2 million—if they had been built when the road went through. The cost of those overpasses is now up to about $24 million. Astonishingly, that reflects the growth of construction costs in WA. Indeed, when I came to office in 2004 as the member for Stirling, the cost of building these overpasses would have been only about $12 million. In 2½ years, the cost of building them has doubled.

But I think, importantly, the Labor Party, both at a state level and at the federal level, have consistently promised to build this overpass and have consistently failed to deliver. They have talked about it for six years, yet not once have they allocated one brass razoo to build this overpass. This road is 100 per cent a state government responsibility. They completely fail to live up to their responsibilities and they have consistently said that they will build the overpass but never once has one cent been allocated towards it. My predecessor, Jann McFarlane, actually committed both federal and state Labor governments to build it, yet somehow this promise again has remained unfulfilled.

I think with this $10 million that has been offered to the City of Stirling through the AusLink strategic program, the state Labor government have a historic opportunity to fix this black spot where on a weekly basis people are being injured and killed. Sadly, Alannah MacTiernan, the minister for transport in the state Labor government, has refused to fulfil her responsibilities. She has refused to do what they have promised to do consistently. But I would like to let the chamber know that I will be campaigning vigorously for this overpass to be built. The federal government have come to the party, even though it is not our responsibility, and I urge the state government to do the same. (Time expired)

Mr GAVAN O’CONNOR (Corio) (10.41 am)—I welcome this opportunity in the debate on Appropriation Bill (No. 1) 2007-2008 and related bills to debate the Howard government’s latest budget and its impact on my constituents and on the nation’s future. As with all budgets brought down by governments of all political persuasions, there are winners and losers, and
this budget is no exception. With the Commonwealth literally dripping with taxation revenue in 2007 it is not surprising that in this election year the Howard government has sought to ensure that there are many winners across the political spectrum in order to prop up the parlous political position that it currently finds itself in.

I have no argument with tax cuts being made available for low-income earners and others in Geelong, given that the highest taxation and highest spending Treasurer in Australia’s history has had his hands deep in the pockets of Geelong workers and businesses to create his surplus. The very least he could do in this budget is return some of what he has taken. But there is one big loser in this budget and it is Australia’s future. Once again this very tricky but clever and arrogant Prime Minister has put his own political survival ahead of the nation’s interests.

The lot of Geelong working families over the past year has not been an easy one to bear. They have shouldered the burden of higher petrol prices because of price movements not only as a result of the market but as a result of conditions influenced by the Howard government’s war in Iraq. They have endured higher public health insurance premiums, despite assurances from the government at the previous election that they would be held in check. They have endured four interest rate rises since the last election, courtesy of the Howard government, which have put an intolerable burden on household income. They have faced increased childcare costs over the life of this government, as they have struggled to balance their work and family responsibilities, and many of them have had to bear the burden of reduced income as a direct result of the Howard government’s Work Choices legislation—the disastrous policy that the Prime Minister today dares not speak its name.

I welcome the extra funding provided in the budget for Animal Health Australia in Geelong and I hope that additional funding will flow to roads in the region, to Deakin University and the Gordon TAFE and to environmental projects such as Barwon Water’s recycling plant as the year unfolds. But it is clear that the government has well and truly failed the future test in this budget, failing to set priorities and address challenges facing Australia in the long term in the areas of fast speed broadband, early childhood education and climate change.

On the more general economic front Australia has been blessed with this new era of prosperity, ushered in by the Hawke-Keating government, which has endured in recent times, supported quite dramatically by spectacular growth in the economies of China and India and an unparalleled era of global growth. Labor’s success in breaking the back of Liberal inflation laid the foundation for the historically low interest rate regime that has fuelled the current housing boom. Labor reforms—such as floating the dollar, cutting tariffs, enterprise bargaining, deregulation of the banking system, cutting red tape and reform—restructured the Australian economy and laid a solid foundation for Australia to exploit the best terms of trade it has ever enjoyed. Yet, despite this obvious prosperity, the Howard government in this budget and previous ones has failed to capture important opportunities to secure the long-term future of the nation.

While the Treasurer lauds the government’s economic achievements, there are fundamental weaknesses in the Australian economy, and the failure of the Howard government to address them will haunt this nation for decades. Despite global growth and the rise of the Chinese and Indian economies, the productivity of the Australian economy continues to decline from an
average of over three per cent in the mid-1990s, to little over two per cent at the turn of the century and it is expected to decline to 1.5 per cent in this current decade.

This is a result of a failure of the Howard government to plan and of government policy neglect, particularly in the important areas of skill development and infrastructure spending—two pillars of economic productivity. The government’s own estimates put the shortage of skilled workers by 2016 at 240,000. The failure of the Howard government in this era of prosperity to adequately invest in education and skills formation leaves the nation lagging badly behind our competition in a situation that can only get worse if it is not addressed now. The building of world-class infrastructure in road, rail, ports, broadband and transport generally is absolutely necessary to underpin our future productivity, competitiveness and economic growth, yet the Business Council of Australia estimates the shortfall at $90 billion. The Howard government continues to squander billions in a useless war in Iraq, hundreds of millions in useless advertising and $600 million to finance its Work Choices fiasco.

The simple fact is that Australia’s productivity growth is lagging. Its current account deficit and trade deficit are widening. Its export performance has plummeted. Its infrastructure expenditure is deficient. Its education and skills formation expenditure is in relative decline. Its R&D expenditures are poor and not concentrated up the value-adding chain. Its households and businesses have to put up with substandard broadband connections at a critical stage of our economic development. If that is not enough, we have a Prime Minister and government that, by virtue of their intransigence in Kyoto, have written Australia out of accessing billions of dollars of new opportunities in energy renewable technologies and industrial practices. It is a sorry state when you contemplate the implications of 11 long years of benign neglect.

Let me now turn to the budget papers and the assistance provided to local government through the government budget. In 2007-08 it will be in the order of $2.3 billion, with $1.7 billion coming to local government in the form of financial assistance grants—FAGs—distributed through the states and $557 million in direct payments to local governments to fund local roads projects, water infrastructure, childcare programs and disability and other services administered by local government on the Commonwealth’s behalf. In my electorate over $15 million goes directly to the City of Greater Geelong in the form of FAGs and many more millions go to aforementioned programs and purposes. As the federal member, I have a direct interest in the governance of the city, its planning procedures and its expenditures, especially as funding for the city is raised by the Commonwealth through taxation on Geelong households and businesses.

In a speech to the House in the grievance debate last week, I canvassed the important matter that has come to be known in Geelong as the cash for councillors/Costagate affair, a matter which goes to the heart of ethics, accountability, transparency and good governance in the City of Greater Geelong and something that I think every member of this parliament would be intimately interested in. The issue was canvassed at length in that speech and I do not propose to detail it again here except to say that in the grievance address I called for an inquiry with judicial powers into the cash for councillors affair and for Premier Bracks to set up an independent corruption commission in Victoria.

The need for a further inquiry and the establishment of a corruption commission is now even more urgent in the wake of the decision by some hopelessly compromised councillors to
ram through an amendment to the City of Greater Geelong’s port structure plan to accommodate Mr Frank Costa’s HomeTown development.

It is very clear that certain councillors have deliberately flouted the city’s code of conduct approved by council only two months ago on 13 March 2007. According to that document, the purpose of the code of conduct is to affirm to councillors the requirements to fulfil their statutory duty to act in accordance with section 76(b) of the Local Government Act, which states that councillors must:

a) Act honestly

... ... ...

c) Not make improper use of their position
To gain, or attempt to gain, directly or indirectly, an unethical advantage for themselves or for any other person, or
To cause, or attempt to cause, the Council to be held in disrespect.

Further, according to the code, councillors must:

... act in a way which enhances public confidence in the system of local government.

Given what we know up to this point about the cash for councillors affair, it is clear that some hopelessly compromised councillors have seriously violated their own code of conduct. Part 2 of the code requires that, in fulfilling their various roles, councillors will act in the best interest of the City of Greater Geelong community. Section 5.2 states:

Consultation, representation, equity, openness and accountability are the key features of the relationships between Council and the Community.

And that councillors will:

... make decisions in the best interest of the community after considering all relevant interests, arriving at balanced and sustainable decisions;

And point 5.2.9 states:

... seek to build community confidence in Council’s ability to make informed and objective decisions.

These sections of the code have certainly been violated by the council’s recent decision. The VCAT special panel report—which was commissioned by council and had regard to the city’s planning scheme, the state planning policy framework, the municipal strategy statement, local planning policy, the metropolitan strategy Melbourne 2030 and submissions and evidence of various parties—said:

The Hometown Geelong proposal fails to comply with, and or advance a raft of State and Local Planning policies.

The VCAT report considers that the Port of Geelong is a major infrastructure of state significance; that the subject land is an important strategic site which sits within a port industrial precinct and should not be rezoned lightly; that it is a strategically significant industrial site and that ‘future options for industrial or port uses should be retained for the further development of the site’. The port is a very important regional and state asset as well as an asset of great importance to the national economy. Of course, we know that in the budget there have been specific funds allocated for infrastructure works by this government to both ports and transport systems.
The panel was scathing in its criticism of the HomeTown proposal and of its failure to comply with the city’s existing development strategy. It said:

The panel concludes that the proposal does not deliver a net community benefit and recommends its abandonment.

In light of the potential adverse impacts on other Geelong retailing businesses and on the future of the port, it is the view of many that councillors have not acted in the best interests of the Geelong community.

I have also received advice that there is a prima facie case that, in making this decision, certain councillors have breached section 77A of the Victorian Local Government Act 1989 relating to disclosure of interest by failing to disclose a potential conflict of interest. Section 77A, disclosure of interests, states:

(1) ... a Councillor has an interest in a matter in which the Council is concerned and is, or is likely to be, considered or discussed at a meeting of the Council ... if subsection (2) applies.

Subsection (2) states:

This subsection applies if, were the matter to be decided on in a particular manner, the Councillor or member or a person with whom the Councillor or a member is closely associated—

(a) would receive or have received a reasonable expectation of receiving, a direct or indirect pecuniary or non-pecuniary benefit;

(b) could be reasonably perceived as—

(i) receiving a direct or indirect pecuniary or non-pecuniary benefit.

Subsection (4) states:

If subsection (2) applies, the Councillor or the member of the special committee must disclose the interest to Council or the special committee before the matter is considered or discussed at the meeting.

Subsection (5) states:

A disclosure under subsection (4) must—

(a) include the nature of the relevant interest; and

(b) be recorded in the minutes of the meeting.

A failure to comply with this section of the act would violate the conflict of interest provision 5.6 of the councillors code of conduct.

In making my call for a further inquiry with judicial powers into the cash for councillors affair and the establishment of an independent corruption commission in this state, I welcomed the recent statement by Mr Frank Costa, whose HomeTown proposal is at the heart of this controversy, which supports my call. But I must admit that I am confused by his public position. In response to my previous calls, Mr Costa has brushed them off, claiming they were motivated by political considerations. Yet, now, when he supports my call, his motivation—according to the Geelong Advertiser of 30 May—‘is to weed out rogue bureaucrats and elected officials and ensure those in power worked in the best interests of their communities’. My sentiments entirely. I could not agree more.

But it is only now, when the Premier has declared he will not set up an ICAC, and the minister for local government has stated that he does not intend to set up another inquiry into cash for councillors that Mr Costa feels secure in supporting calls that he is fairly confident the
state government will never heed. The issues surrounding HomeTown certainly are political but, I suggest, not for the reasons that Mr Costa promotes. They are my concerns because they are matters of transparency and accountability in the governance of the region, and those are core principles that are pursued by every member in this parliament and indeed the government of the day.

My job as a federal member is to protect the public interest, be it in securing good governance or securing the long-term economic future of the port and the region, even though the port is in private hands. There are very powerful reasons why port land needs to be protected for the existing and future benefit of the region and the state. This is acknowledged in council’s own documents and by the state government and, I suggest, would be agreed to by this government as well.

As the senior Labor member in Geelong representing working people they are my concerns because the bagmen in the whole sorry cash for councillors affair, according to the Whelan report, are the ALP’s Councillor Saunderson and Mr Costa’s Mr Baylin. They are my concern because, according to the Whelan report, the cash and cash cheques for the secret fund were delivered to the office of John Eren, a Labor MP. They are my concern because a senior Liberal in Geelong has stated that he was approached by Mr Costa to stand for council and was advised to see John Eren and his electorate officer, David Saunderson, about support. He was interviewed for the position by Mr Eren and Councillor Saunderson and then, to his eternal credit, ran a mile from it because it all smelled to high heaven.

Mr Costa consistently maintains that his intention was only to support the best candidates for council. Given the web of lies and deceit from donors and councillors over the matter, one has to question Mr Costa’s judgement. Lies and deceit are not good family values, Frank. If quality were the desired outcome of the exercise, as Mr Costa has stated, then he might reflect on whether he got good value for his money in the exercise. I note in the chamber some members from Western Australia, who would understand what has transpired at the Busselton council and other councils in the state of Western Australia. Mr Costa has publicly stated that he and other wealthy businessmen ought not to be obliged to declare political donations to political candidates. I remind Mr Costa that wealthy businessmen are not above the law. There is not one law for him and another for the rest of the Geelong community. This is not Queensland in the 1980s, and on that proposition he is out of step with the Prime Minister, the Leader of the Opposition, the Australian parliament, the community of Geelong and the rest of Australia.

It is time for Mr Costa to step up to the plate. No more retreating to the Geelong footy club when the heat is on HomeTown. No more fluffy stories about family and community values and how he cleaned up the Queen Victoria Market. It is time for Mr Costa to front up to his own responsibility for the cash for councillors mess, because it is one of his own creation. It is time we called a spade a spade on the HomeTown fiasco. Mr Costa is not fronting a local consortium in HomeTown; it is a Melbourne based consortium comprising powerful businessmen who stand to make a lot of money if it proceeds—probably at the expense of other Geelong retail businesses and the long-term future of the region.

The Geelong community wants to hear how he is going to assist in cleaning up Geelong, so I invite Mr Costa to disclose once and for all the benefits to the Geelong community, and the full list of councillors and candidates who receive funding from the $50,000 slush fund he
established. His failure to make that disclosure up to this point has done enormous damage to public confidence, the governance of the city and its reputation nationwide.

I have served the electors of Corio and working people in Geelong for over 14 years in this parliament, and I am happy to tell Mr Costa and the community why I raise these matters in this place and in the public arena. I raise them for the many small retail businesses fearful of their future if HomeTown proceeds in violation of the independent VCAT panel’s recommendations that it be dumped. I raise them for a community that is angry that local government planning processes are being rorted, and feels powerless to do anything about it. I raise them for the working family whose members have had their amenity and quiet enjoyment of their property destroyed by decisions of councillors behind closed doors in contravention of the council’s own planning policies. I raise them for the businessman who has come to me with his story of losing a city contract because he refused to grease the palm of some council officers, a matter I intend referring to the police. I raise it for the community groups and individuals whose legitimate rights, interests and concerns, in their view, have been severely compromised by the actions of some councillors and who have nowhere else to go.

The simple fact is that a culture has grown up inside and outside council in which planning and other council processes have been manipulated for the benefit of a few insiders but to the detriment of other businesses and the wider Geelong community. It is time to root out the cancer that is still eating away at the heart of the Geelong community. When the going gets tough, as other members know, there is always one wag in the community who succinctly sums it all up with typical Australian humour. At the local footy some time ago, one good working-class lad urged me to keep doing my job, to stay in the ring and to clean up this mess. After moralising about it for some time, he winked and grinned and said: ‘Hell, Gav, if we had’ve known the councillors were going so cheap we would have put a couple on the Bankcard. Maybe then we would’ve got the oval watered for the preseason.’ I did not have the heart to tell him Bankcard was no longer operative. It would have been funny if it were not so sad. (Time expired)

Mrs MOYLAN (Pearce) (11.02 am)—That was a very interesting speech. I can only say that we would agree that corruption in councils, wherever it may be found, ought to be rooted out and not tolerated at all in our society. It certainly does not serve the constituencies of those particular areas. My task today is to speak on the government’s recently announced budget—Appropriation Bill (No. 1) 2007-2008 and cognate bills—and I could not help but think back on when I first stood for the seat of Pearce in 1993—it seems like just yesterday. I reflected on the issues of concern to most people as I campaigned for my first election, and they included the sharp peaks and troughs in the economy, making business planning a nightmare, not to mention the challenge of balancing household budgets. Extraordinarily high interest rates sent many businesses bankrupt; inflation hovered around five per cent, eroding people’s savings; there were high levels of unemployment, especially amongst young people; and there was a $96 billion national debt.

As the Treasurer, the member for Higgins, presented his 10th budget night speech to Parliament, the outstanding economic management of the Howard government was clearly apparent. The profile of the Australian economy is very different today from what it was 10 years ago. Importantly, high unemployment is a thing of the past, with another two million Australians now in jobs. There has been a greater emphasis on supporting young people to
undertake training and increased apprenticeships to maximise employability. Average wages have increased by 20 per cent in real terms and the erosion of people’s savings has been stemmed, with inflation dropping from five per cent per annum in 1996 to 2.5 per cent per annum now. Through prudent management and the retirement of the $96 billion debt inherited from the Keating Labor government, the Howard government is able to return to all Australians and taxpayers the dividends of saving $8.5 billion per annum in interest payments on that massive debt.

Careful management of the Commonwealth budget is critical as we face the challenges of an ageing population, increased healthcare costs, national security risks, global competition requiring greater commitment to education and training and, of course, climate change, which is of concern to all of us and particularly around the world. The budget provides a sensible balance of measures that will increase prosperity and ensure that the benefits are shared throughout our communities by looking after those who are on fixed incomes, who suffer from chronic illnesses or who carry out the vital work of caring for others in the community. It is a forward-looking budget that makes significant new provisions for the future.

One of the provisions is the Higher Education Endowment Fund, a perpetual fund to generate earnings for capital works and research facilities in our institutions of higher learning. Another is the $3.5 billion commitment to Realising our Potential, involving the improvement of literacy and numeracy skills at school, greater opportunities for vocational education and apprenticeships, and universities that are more responsive to student needs. At a personal level, everyone will benefit from tax cuts, particularly those on low incomes.

The government recognises that infrastructure development is critical to the community, and the Pearce electorate is the beneficiary of significant new funding initiatives. Some $22.3 billion has been committed to roads over the next five years, building on the considerable investment in past years. In Pearce we have recently benefited from previous funding commitments, with 22 kilometres of road completed from Sawyers Valley to the lakes on the Great Eastern Highway. This highway carries traffic from the east coast of Australia to the west coast and to the ports and airports in Western Australia. It carries many trucks. A four-lane road through one of the most dangerous sections of this highway, as it approaches the metropolitan area, makes driving safer for local residents and tourist traffic as well as making a faster and much more efficient route for trucking.

Every Australian benefits from medical research. In the last several years we have seen some important breakthroughs, including ulcer treatment, cervical cancer vaccination and the bionic ear. This does not happen without considerable support from government, and a further $485.8 million will be provided for grants to medical research facilities. I am sure we agree that that will be money well spent. Although Australian scientists are amongst some of the best in the world, we need to maintain funding so that the important work can continue and new work can be started.

Small business enterprises are a vital part of our commercial success, delivering goods and services to the community and jobs to many. In fact, it has been said that more than half the jobs in our country are provided by small businesses. It is increasingly challenging in a global world to remain profitable and to take advantage of both domestic opportunities and global markets. To keep our economy strong, the government must maintain sound economic policies which allow small and medium businesses to thrive. The government will further assist
our small businesses through the tax system. In this respect, they will commit $540 million of tax relief over four years and reduce compliance costs.

Over the next 10 years the government has committed $1.4 billion to build global markets and improve productivity. At a personal tax level, 80 per cent of taxpayers will continue to pay a rate of tax of 30 per cent, with two per cent of taxpayers paying at the top rates. Importantly for those on average wages, the budget ensures $16 per week in additional taxation relief. These measures are in part made possible by the retirement of the $96 billion tax legacy left by Labor. With no interest payments to make, the dividends can all go to Australian taxpayers and the Australian community.

There is no more important issue for the government than to address climate change. Climate change can only be reversed with changes to the individual behaviour of each of us. It is not a responsibility that can be simply placed on the shoulders of government and industry. It requires each of us to modify our lifestyles to consider the best use of resources at an individual level. Governments can and should, of course, lead the way in areas of climate change and water security, and this government is leading with its $10 billion National Plan for Water Security and positive programs to encourage the installation of water tanks and other water devices in schools and community organisations.

The government recognised the magnitude of the challenges facing us in 1996 when it committed $2 billion to develop practical responses to counter and reduce climate change. It was the Howard government that established, in 1996, the Australian Greenhouse Office. For example, the government’s $500 million Low Emissions Technology Demonstration Fund is already driving the development of solar and clean coal technologies. Advancement in alternative and adaptive industries is critical to meeting the growing challenges of reducing greenhouse gas. Recently the government, if I recall correctly, gave $75 million to a new solar energy project which has the potential to replace baseload power. The growth and development of solar technology has moved on rapidly from where it was a few years ago, and I am sure that, from that investment of the government, we will see some great alternatives and adaptive industries develop.

But to build on those early initiatives, measures in this budget will encourage adaptation through the establishment of the Australian Centre for Climate Change Adaptation. CSIRO will be allocated $103 million for climate change and energy research. These are very important measures. They should not be underestimated. Learning to adapt to the new environment is going to be very important for all of us, so the establishment of the Australian Centre for Climate Change Adaptation is a very significant step forward.

One of the major measures outlined in the budget is the $8,000 rebate for individual homeowners to install solar panels. Tax deductibility will be provided for the costs of establishing carbon sinks. The solar panel legislation is really important, again, in getting individuals to change their behaviour and to look at ways they can save greenhouse gas emissions from an individual household point of view.

In addition, Australia will take some important steps forward not only domestically but also internationally. We are taking a responsible approach to regional issues affecting climate change, and we recently announced a $200 million contribution to work with the United States and Indonesia to stop the logging of old-growth forests. There is potential to manage 20 per cent of the world’s greenhouse gas emissions if we can stop the logging of old-growth
forests. This is a very significant reduction and it can be done now; it can be done immediately.

In order to continue to deliver social benefits, to address the issue of climate change and to continue infrastructure development, the economy must be managed and it must be managed well. While it is true that there has been excellent business growth resulting in a higher revenue stream for the Commonwealth, the budget still had to be managed carefully. The government has retired debt. It has delivered another budget in surplus and the outlook for future growth is excellent, with inflation continuing to be low.

The Australian film industry has been an outstanding success, and it operates in a very competitive global market. I am pleased to see in this budget that the government will provide tax incentives for film production. Australian producers will be eligible for a 40 per cent refundable rebate on domestic feature films, and other domestic productions, including television series, documentaries and miniseries, will attract a 20 per cent refundable tax rebate.

It is important that we continue to encourage this industry, and this will give the film industry an important boost. I think few people are aware of the great success of some of our post-production services. I know some of the big Chinese blockbuster films have used post-production services in Queensland. We have a member from Queensland in the Committee at present, and I am sure Mr Thompson is aware of this great industry and the success of the Queensland post-production services. Very few people are aware of the value of the Australian film industry to this country, not to mention the opportunities for young people to learn new skills.

Apart from the 40 per cent refundable rebate on domestic feature films and the 20 per cent refundable tax rebate on television series, documentaries and miniseries, in certain cases international films with some production functions will benefit from a 15 per cent location rebate. There are so many opportunities within the film and television industry for young people to learn new skills and to find employment in this emerging industry. Of course one of the biggest investments that Australia can make is indeed in the skills development area. It is one of the key issues for Australia both now and into the future. Investing in education, training and skills is insurance for future prosperity and the fulfilment of the ambitions of our young people.

The budget will improve education through the $1.7 billion in additional funding for universities; the new $5 billion Higher Education Endowment Fund will ensure first-class institutes of learning in the future; and the $700 tuition voucher will benefit children who do not achieve national literacy and numeracy benchmarks. The bonuses for schools that make significant improvements in literacy and numeracy are a step welcomed by many parents. I have encountered parents, although not very often, who have not been aware that their children have got to their final years of primary school without learning the basic literacy and numeracy skills—and it does set these youngsters back a great deal. It is hard to imagine how that happens, but I think sometimes with the reporting system parents are often confused about where their children actually sit on the scale in terms of literacy and numeracy achievements. So I think these measures are very important for families and the individual children to ensure that they leave their primary school with the skills they need to go on to apprenticeships, training or higher education.
Teachers will be rewarded in this budget for undertaking professional training at newly created summer schools. Again, it is so important that teachers have the opportunity, constantly, to upgrade their skills and to pass on the benefits of that to the children that they teach.

Apprenticeships have been a strong focus of the Howard government since 1996, and the budget builds on previous budget measures with the establishment of three new Australian technical colleges, adding to the 25 already in place from previous budget commitments. We are hoping, of course, that the electorate of Pearce will benefit from one of these new TAFEs—not located in Pearce, unfortunately—as the university campus that our government funded a couple of years ago in the Midland area is a tremendous help to people living in the hinterland who otherwise would not have an opportunity to attend university. So I hope we will see a similar situation with the new TAFE and that it will come somewhere within that area so people living in the hinterland of Pearce will have access to this new training institution.

As a member representing a mixed urban, rural and regional seat I particularly welcome the support given by the government to rural and regional areas. It has been a terrible time for farmers, not so much in most of my electorate, although on the outer perimeters there certainly has been some hardship experienced—some of that caused, of course, by very serious fires but some by a dry season greatly reducing the grain crops, down in some cases to below 60 per cent of what they have previously been. So I welcome the further $688 million for farmers not just in Pearce but also in Western Australia living on the fringes of the eastern wheat belt, who have had a particularly difficult time. This money will go to providing exceptional circumstances funding, added to that which we have announced previously for drought assistance. There will be provision for upgrading and maintaining airstrips in rural areas, and this will provide a great additional means of transport for people living in quite remote areas.

We are also providing additional assistance for rural enterprises. This builds on the excellent work done through the area consultative committees—and I had the representatives of the Wheatbelt Area Consultative Committee in this place yesterday. It is a long journey for these people to make from the west to Canberra, but they were over here to try and make sure that they are working as effectively as they can to assess local business initiatives under the Regional Partnerships program. I really appreciate the work that David White, the chairman of the Wheatbelt Area Consultative Committee does. He does a good job and is ably assisted by his staff.

This support for local new enterprises opens up opportunities for employment in rural areas and delivers much needed additional revenue to many rural and regional communities. In some cases we have seen great innovations by farmers who have had difficult times. One of the projects funded under Regional Partnerships was, I believe, the woolshed in Williams—in one of the wheat belt towns. It has become quite an icon and it now has a history museum. It is very popular with the tourists as well as with locals. These kinds of projects, which employ local people and add to the revenue of local communities, are so important in regional and rural communities. I greatly welcome the continued expenditure on Regional Partnerships initiatives and assistance for rural enterprises. This is a responsible budget which, clearly, has an eye to the future, and I do support these bills.
Mr GIBBONS (Bendigo) (11.21 am)—In rising to speak to Appropriation Bill (No. 1) 2007-2008 and cognate bills I want to take the opportunity to talk about productivity and the role trade unions could, and in some cases do, play in driving productivity gains, because there is nothing in the 2007 budget that will even slightly lift productivity in our workplaces. Last night the government guillotined an important debate on its Work Choices amendments, preventing most of the members from this side of the House from speaking. Obviously, the government is in full panic mode and, rather than face up to a full debate with all members participating, it chose the cowardly path and had its members slime into the chamber and close down the debate. This could have been a productive opportunity for all members to talk about how we might enhance opportunities to drive improvements in productivity. The Howard government has thrown in the towel on productivity and in typical fashion has reverted to the time-honoured Tory tradition of bagging trade unions and blaming the Labor states for its own shortcomings—lack of productivity gains included.

There are numerous acknowledged researchers and authors I could quote regarding the evidence about what is needed to drive productivity growth, not only in Australia but right across the globe. One in particular is Professor Jeffrey Pfeffer, who is Professor of Organisational Behaviour in the Graduate School of Management at Stanford University. He is also a visiting professor at Harvard Business School, the London Business School and the Singapore Management School. He has studied business and organisational behaviour for 30 years. He is the author of 11 books on that subject and has taught at executive seminars in 28 countries, including Australia. Professor Pfeffer cites evidence from a five-year detailed study of companies from a diverse range of industries, which indicates consistent productivity gains in the order of 40 per cent by implementing what is known as high-management, high-performance or high-commitment management practices. I will quote what he has to say about trade unions. He says:

Contrary to what many people seem to believe, having a unionized workforce is not antithetical to the implementation of so-called high commitment or high performance work practices—things such as investment in training, working in self-managed teams, longer term time horizons for the employment relationship and more job security, information sharing, and so forth. Rather, the empirical evidence suggests that unionization is positively associated with the implementation of high performance work practices and makes changing to a “high road” management approach more likely and easier. At worst, unions have no effect on the implementation on these practices, but there is almost no evidence to suggest they have a negative effect.

Professor Pfeffer continues:

Thus, ironically unionization may actually lead to higher persistence of high commitment work arrangements because unions act as a countervailing force to short-term pressures from the financial markets and other sources to abandon such arrangements.

In some instances the implementation of aspects of high performance work arrangements may actually be enshrined in the contractual language jointly negotiated between companies and their unions. Donald Petersen, the now-retired CEO of Ford Motor Company who, during the 1980s, implemented total quality management and transformed the culture of Ford, resulting in much better business results, credits his ability to persevere with his change program even when there were setbacks and reversals to the presence of the United Auto Workers Union and to the fact that aspects of the change were embedded in the formal contract.
Professor Pfeffer also highlights the positive impact that nurses unions have on patient care in the United States:

Studies summarized by a report from the Institute of Medicine show that having fewer nurses per patient—a short-term cost cutting tactic embraced by many hospital administrators and political figures but vigorously opposed by nurses’ unions—is associated with higher rates of patient infection, pneumonia, cardiac arrest, and death. “… given the clear and well-established relationship between staffing ratios and patient outcomes, nurse organizations were instrumental in preserving practices that the evidence shows produce better patient care.

And there are some other effects of collective bargaining that are particularly important in affecting health care outcomes. Collective bargaining often institutionalizes and to some extent compels more power sharing and communication between administrators and front-line staff.

These results held after controlling statistically for many other factors that might be associated with unionization. The authors concluded that it was probably the increased power the unionization provided to nurses as well as the increased level of joint decision-making that led to the better patient care results. That same study found that much of the gain disappears when union-management relations are adversarial.

Clearly, many internationally renowned experts have proven that driving down workers’ wages and conditions actually has a negative effect on productivity, yet the Howard government persists in implementing its misguided ideology, with its born-to-rule syndrome, by introducing the most draconian workplace relations system this nation has ever witnessed. The Howard government way is the lazy way. Professor Pfeffer is just one of many internationally renowned experts on workplace relations who have undertaken extensive studies on how workplaces can get significant productivity increases by putting in place innovation, by innovative and cooperative mechanisms through collective bargaining and by involving trade unions in a non-adversarial manner.

With the Work Choices bill and amendments, the Howard government has again proven that it is trapped in a time warp of traditional conservative attitudes to trade unions. It is locked into the lazy, miserable, mean-spirited, conservative philosophy of the born-to-rule elite, and this has the potential to not only severely restrict our growth as a nation but continue the ‘us against them’ dog-eat-dog attitude to workplace relations.

If anyone needs any further proof of this government’s misguided and distorted view of the world, they need look no further than its attitude to Australian trade unions. In the last 12 months, government spokespeople have used the term ‘union bosses’ in a derogatory manner on no fewer than 130 occasions in this parliament. This clearly demonstrates a level of paranoia unprecedented in Australian political history. To borrow a phrase from the Fawlty Towers series, there would be enough material on paranoia in those opposite to fully occupy a three-week psychiatric convention.

The Australian trade union movement has a proud and unprecedented track record of achievement in defending the wellbeing of working Australians. In fact, the Australian trade unions have done far more for Australia’s working families than any conservative government has ever done in our entire history. I am extremely proud of my involvement in and membership of Australia’s trade union movement.
Labor have cautiously welcomed the tax cuts announced in the 2007 budget, but we point out that they were delivered as a result of the Howard government’s status as the highest taxing federal government in Australia’s history. With access to a budget surplus in excess of $15 billion, the Treasurer has finally provided much needed relief for Australia’s low- to middle-income earners. The tax cuts for low- to middle-income earners are most welcome but long overdue. However, the Treasurer’s 12th budget reflects a panic-stricken government desperately trying to bribe its way back into power at the elections later this year. This was a vintage Costello budget containing the usual array of one-off payments specifically targeted and designed to buy votes. But, as always, the value of these payments will be quickly eroded over the coming year by higher prices. The Howard government’s tax take has dramatically increased by almost 40 per cent since the introduction of the GST, resulting in voters now being bribed with their own money.

The announcement of a $5 billion Higher Education Endowment Fund is also most welcome, especially after the massive cuts in higher education that the Howard government has presided over during its first terms in office. Labor welcome many of the new initiatives—including the solar energy initiatives, the increase in special and intermediate rate war veteran entitlements—but we point out that these are a direct steal from Labor policies that opposition leader Kevin Rudd had already announced.

I want to talk about dental care. There were 6,564 patients from central Victoria who were waiting for public dental treatment in the year 2005-06, with some patients waiting over three years. These are the statistics that apply to all public dental clinics that service the Bendigo federal electorate. State governments have increased spending on public dental services, but the demand has consistently increased since 1996, when the Howard government abolished the former federal Labor government’s Commonwealth dental plan. Despite these appalling figures, the Minister for Health and Ageing, Tony Abbott, has constantly said that the Howard government will not reintroduce a Commonwealth dental scheme. The increase for funding for dental care announced in the budget only provides for people with chronic illnesses as a result of poor dental health.

Labor leader Kevin Rudd has committed Labor to re-establishing a Commonwealth dental scheme similar to the Hawke-Keating government scheme abolished by the Howard government in 1996. Our 2004 election commitment for establishing a Commonwealth dental program was costed at around $300 million over four years. Now with this new commitment it is expected to cost well in excess of the 2004 figure and will target low-income and working Australians by cooperating with the state governments.

Instead of following Labor’s lead in re-establishing this fund, the Howard government has chosen only to treat those who have chronic illnesses as a result of their dental problems. Labor’s approach will be to treat people’s dental problems before they suffer chronic illnesses. Health minister Tony Abbott continues to blame the state governments by deliberately stating that the states have reduced expenditure on dental services, when the truth is that they have actually increased expenditure from $327 million per year in 2004 to $503 million in 2005. Victoria spends the second highest amount on public dental services of all Australian states, running a close second to Queensland.

The Australian Institute of Health and Welfare report released in March 2007 by health minister Tony Abbott shows that one in five Australians are forgoing recommended dental
treatment because they are unable to afford it. The Australian Institute of Health and Welfare report also shows the government’s failure to ensure that all Australians have access to high-quality dental care. The report stated that 20.6 per cent of the Australian population aged 15 years or more had forgone recommended dental treatment due to the cost in the last 12 months. The report notes that this indicates the likelihood of ongoing dental damage caused by untreated disease due to financial barriers to accessing dental care. Over 40 per cent of the Australian population aged 15 or over had not visited a dentist in the last 12 months, 11.8 per cent of Australian adults over 15 had not visited a dentist within the last five years and 17.4 per cent of the Australian population aged 15 or more had avoided certain foods because of problems with their teeth during the last 12 months.

Uninsured people are 1.6 times more likely to have untreated dental decay than insured people and they are three times more likely to have not visited their dentist in the last five years. Among those in the 25 to 34 age group the proportion with dental insurance reduced by 10 percentage points between 1987-88 and 2004-06, and for adults in the 35 to 44 age group coverage has reduced by eight percentage points.

I will go through the actual list of waiting times for dental clinic services in the electorate of Bendigo. For example, in Bendigo in the year 2005 there were 1,946 people waiting up to three years for general care and there were 413 people waiting for denture care. In Hepburn-Creswick, which services my electorate, there were 224 people waiting for general care and 59 for denture care. In the Daylesford area there were 640 people waiting for general care and 73 waiting for denture care. In Maryborough 517 people have been waiting up to three years for general care and 157 for dentures. Of course in Sunbury, which services the Kyneton part of my electorate, there were 2,316 people waiting up to three years for general care and 219 waiting for dentures.

The 2007 budget so-called new assistance package for child care was in fact announced prior to the 2004 election, and many Australian families have been struggling while being forced to wait for the approach of yet another federal election for this promise to be delivered.

New data released by the Department of Health and Ageing shows health costs continue to rise dramatically under the Howard government, and the average out-of-pocket cost of a visit to a GP has increased by 12 per cent since the December quarter last year, from $16.98 to $18.99. The average cost of a visit to a specialist has increased by 20 per cent, from $33.56 to $40.10, and the average cost of obstetric services has increased by a massive 27.5 per cent, from $62.34 to $79.51. The cost of visiting the doctor has more than doubled during the life of the Howard government, as a graph that I have seen recently illustrated. The Howard government is failing to control spiralling health costs, and with the cost of living rising, working families are getting hit for six from every direction.

There are some good measures in this budget, which I have acknowledged, but we do see it as a wasted opportunity to deal with things like how we go about increasing productivity and a whole range of other measures. This budget could have presented a great opportunity to do something very worthwhile for this nation but, unfortunately, the government has chosen to play the political game and introduce a budget which is designed to do nothing more than try and get it re-elected. I think it should be condemned for that.

Mrs VALE (Hughes) (11.36 am)—The coalition’s first budget, handed down on the evening of 20 August 1996, heralded the start of a significant change in Australia’s economic
prosperity. It received headlines as the fair go budget, because measures were taken that were mindful of the tough choices that come with economic responsibility, and with experience that has brought a finely honed sense of social awareness.

Now, almost 11 years later, and notwithstanding a very severe drought—a drought which has caused production to fall by about 20 per cent in the rural sector—the Australian economy continues to grow. It continues to grow in a low inflationary environment and it produces jobs. The unemployment rate is at the lowest level we have seen in 31 years. There have been many other challenges to this economy over the last 11 years. We have seen the Asian financial crisis, the United States recession, September 11, the wars in Iraq and Afghanistan and terrorist attacks in Bali, but the Australian economy has grown continuously right throughout that period.

One of the reasons it has grown continuously is that the Howard government attended to the key fundamentals of economic management in this country: balancing the budget, repaying $96 billion of Labor debt, funding our superannuation liabilities, broadening the indirect tax base, cutting the company tax rate, halving the capital gains tax rate, cutting income taxes in 2000, 2003, 2004, 2005, 2006 and 2007—with more tax cuts planned for 2008—and making sure that we had an independent central bank with an inflation target. All of that work is producing the results of the Australian economy today.

The Labor Party would have you believe that it is in favour of the results—it just opposed all the work that it took to get us there. Australians need to know this: you do not get the results without putting in the effort. The Australian Labor Party cannot come along after 11 years of opposing the effort and try to claim that it is all the result of the mining boom. The Treasurer’s 12th budget has received warm praise from many sectors because it is a budget that benefits all Australians. It is a plan that will further strengthen our economy and address the challenges that we face as a nation.

The Howard government’s plan includes initiatives in several policy areas. These include cutting tax for the fifth consecutive year. From 1 July, all Australians will benefit from $31.5 billion in tax cuts. The tax threshold of 30 per cent will move to $30,000 from 1 July. The tax threshold of 40 per cent will move to $80,000 and the tax threshold of 45 per cent will move to $180,000 from 1 July 2008. Improving literacy and numeracy standards and establishing the $5 billion Higher Education Endowment Fund for education and infrastructure and research facilities has been widely welcomed.

Eligible apprentices will be provided with a $500 voucher for course fees and a $1,000 tax-exempt payment to help them with their living costs. We have doubled the superannuation contribution for eligible low-income earners with a one-off payment for contributions made in 2005-06. There will be $200 million for additional community water grants, which have already saved 27,500 megalitres, and $201 million to install rainwater tanks in schools and community group facilities.

For older Australians, there will be no tax on incomes up to $25,867 for singles or up to $43,360 for couples who are eligible for the senior Australian tax offset and a one-off $500 bonus to senior concession cardholders or those receiving the utilities allowance. Both eligible members of a couple will receive this bonus. There will be a one-off $1,000 bonus for those receiving the carers payment and a one-off $600 bonus for those receiving the carers allowance to recognise their dedication in helping those who suffer from a disability.
We have provided better access to hearing services for 350,000 hearing impaired Australians through a $70.7 million investment, and we have provided additional community care packages to assist older Australians who want to continue living at home, as well as more community based respite care and $377.6 million to increase access to dental services for 200,000 patients. We are also building a new school of dentistry at Charles Sturt University.

Australia has a proud military history and we owe those who have served our nation an ongoing debt of gratitude. Initiatives for our veterans and their families include increasing payments to veterans with a disability on the special rate pension by $50 a fortnight and to those on the intermediate rate pension by $25 a fortnight from July 2007. We have increased access to support services for eligible veterans when they leave hospital. We have provided community pharmacies that will, after a referral from a GP, provide veterans with a written medication management plan and additional medication management strategies. We have provided extra assistance for ex-service organisations and their volunteers to further support veterans.

We have doubled the funeral benefit paid under the Veterans’ Entitlements Act 1986 from $1,000 to $2,000 and an extra three months for war widows and widowers to claim a war widow/widowers pension. We have provided additional funds to help complete the redevelopment of the Australian War Memorial.

Small business—often called the engine room of our economy—will also benefit, with initiatives such as cutting taxes for small business and further reducing compliance costs. From 1 July 2007, businesses with a turnover of less than $75,000 will not need to register for the GST. We have provided three new Australian technical colleges, in addition to the 25 that are already being built, and we have assisted small business to utilise new technology in their workplaces.

It is the social concerns of our Australian communities that are very close to many members in this place, and it gives me great pride to note the continuing outstanding performance of the Australian economy. I say this because without a strong economy no government can do very much for those of its citizens who are in need of social welfare support and special assistance. When an economy is weak and in decline, it is those at the lowest levels of our society who suffer the most. They have no buffer against adversity and are the most vulnerable of our citizens. Good economic policy and good social policy go hand in hand, but good economic policy leads the way and dictates the kind and quality of social welfare we can provide for our most vulnerable Australians.

Speaking about our most vulnerable Australians, there are two issues that have been of concern to me for some time. One is the provision of supported accommodation for those with a disability and the other matter is the provision of services and support for Indigenous Australians. I would like to take the time available to me to bring to the attention of this House the plight of families with adult children with disabilities. As carers and their children age, these families are becoming more concerned that, while governments provide some respite accommodation from time to time, there is little planning on the horizon for long-term supported care accommodation for adult children—not just for the present time but especially for future years when the carers themselves will no longer be around to support them.

I recently met with a group of parents that are so concerned that they have started up the Sutherland Shire Disability Accommodation Action Group. This group was born out of a home and community care planning day back in 2005. One of the issues most raised on this
day was the lack of supported accommodation for adult people with intellectual disabilities. The group continued to meet throughout 2006 and elected a committee. In December 2006 the Sutherland Shire Disability Accommodation Action Group became an incorporated association, with Mrs Judy Foord as president and Mrs Kate Tye as secretary. The association has three main objectives: to obtain supported accommodation for family members located in their own local area of Sutherland Shire, to obtain accommodation that offers a tiered layer of continuous care and to create a register of need.

Earlier this year, in March, the group held their first public meeting. The meeting of parents and carers was overwhelming. There was standing room only for the 100 people attending, with 71 people signing the register of need for supported accommodation. I am advised that this was just the tip of the iceberg, as those who were able to attend took away registration forms for friends and family who were unable to be there. At the meeting there were many stories from carers which continued to highlight the absolute need for supported adult accommodation. The speakers told of how caring is virtually a lifelong career and is a radical departure from the normal experience of their families and friends, where dependent children develop into independent adults.

The plight of these carers is best described with their real stories, of which I extract one, from a letter from a devoted mother in my electorate:

People sometimes think carer equals no full time job, equals what a life! Well imagine all you’d do for a very young child, dressing them, washing them and cleaning up after accidents. Then imagine doing that for a young adult, who can’t learn to do more than they do now. Imagine never being able to go anywhere alone—not even to see a friend for a chat and a cup of coffee without your “child”. Imagine having to leave hospital against medical advice after a minor operation because your “child” was terrified to spend the night without you. Imagine your weekends filled only by walking around shopping centres because that’s all she wants to do. Imagine lying awake every night and worrying about what will happen to her. Not quite a rosy picture.

We do have respite, but only one day a month because that’s all she can cope with, and she makes herself sick with worry two weeks before it. Although I must admit she usually says she has a good time.

And now, four years ago, I was diagnosed with Parkinson’s disease. My caring time is finite. It will be a most difficult task to settle my “child” into a group-home or similar accommodation. It must be done while I am here and able to help her cope. I have been told that the only way to get accommodation is to abandon her at a police station. I can’t do that. She would retreat from reality forever. She is my problem and I will not leave her unresolved.

What do we want? Peace of mind, I think, for both of us. For me, not having to abandon her or to be at death’s door and still not know if she will have somewhere to live. For her, relief from the terror of “if something happens to mum where will I go?” She knows she can’t manage alone. Vague nebulous promises are not enough.

We as parliamentarians and our state colleagues need to take this issue up and ensure that planning is put in place for the future. I for one have given them my support and I have assured them that I will help them to take their message to the relevant ministers to help them realise their objectives. This year the government’s commitment to people with disabilities includes $394.3 million as a one-off lump sum payment to carers, $1,000 to be paid to those who currently receive the carers payment and $600 for those who are on a carers allowance.

But, for the 18,000 Australians who have a disability and are currently working in supported employment, the government will also commit $116 million over the next four years in
support of the 220 disability business services which provide supported employment for adult people with more severe and profound disabilities. A further $12.2 million over four years has been provided for the National Disability Advocacy Program to allow families to have increased access to disability advocacy and support services.

As many families in my electorate will be aware, the current Commonwealth State/Territory Disability Agreement, the CSTDA, will expire on 30 June this year and negotiations for the next agreement are in progress. However, families with people who have a disability should be aware that the Australian government are concerned that, despite the provisions in the current CSTDA for accountability, transparency and equality, we are unable to ascertain that the outcomes delivered by the states for people with disabilities have actually improved.

In February 2007, the Australian government made a multilateral offer to the states and territories that included the continuation of the base funding and unmet need funding as provided in the current agreement, plus continued funding for the older carers respite bilateral and an indexation at wage cost index 2—that is, $400 million for the next agreement. This offer amounts to $3.275 billion over the next five years of the new CSTDA agreement and requires that the states and territories clearly demonstrate improvements in four priority areas. These are: (1) the measurement of unmet need by improving data collection and reporting on the level of demand for services; (2) implementing quality assurance measures by an accredited third party; (3) ensuring transparency and accountability through high-level outcomes and measures as part of a performance framework guided by the Australian National Audit Office’s report *Administration of the CSTDA*; and (4) by demonstrating improved access for Indigenous Australians to mainstream disability services.

It is appropriate that the Australian government is convinced that our fellow Australians with disabilities and their families are receiving the level and quality of services that meet their needs. However, I note that at a meeting of ministers on 3 April this year, the Australian government again put the multilateral offer previously made in February and invited the state and territory ministers to put forward a plan to provide extra supported accommodation and respite care services so that the Australian government could consider those plans on a dollar for dollar basis. This must also include new money committed by the states and territories. Additional funding from the Australian government is conditional upon the states and territories agreeing to hard targets for new supported disability accommodation places and respite services. These services clearly lie within the responsibility of the states and territories and it is appropriate that, before the Australian government commits further funding, there is a clear commitment in return. To date, no plans have been received from any state or territory minister, and I understand that the Australian government has again written to the state and territory ministers requesting their response by 8 June—which I note is next week.

People with disabilities have a right to be valued and to feel valued by others in the wider Australian community. It is only right that they are able to access safe and permanent accommodation in their own local areas. It is only right that they are able to participate in the life of their own community, and it is only right that they have dignity and respect and are able to live as their peers live—away from their own family but close by and very much connected to the fibre of family, friends and communities.
While the CSTDA ministers are addressing this issue of people with disabilities, I remind them that the long-term caring supported accommodation for adult people with disabilities is a driving, urgent need, not only in my electorate of Hughes but also for people across Australia. Governments can no longer ignore the weight that is placed on the families of people with disabilities, most especially the mothers. For many mothers, this is a burden that never ends, and it is up to governments to provide the appropriate safe, caring accommodation that their loved ones deserve. I commend and support the Minister for Family and Community Services on his efforts in this regard.

The Australian government is also committed to reducing Indigenous disadvantage and has increased funding on Indigenous specific programs every year since the Howard government was elected in 1996. Spending on Indigenous programs in 2007-08 will reach almost $3.5 billion, 42 per cent more in real terms than Labor spent in the last year of the Keating government. Most of this expenditure is directed towards key practical measures in health, education, housing and employment. The Howard government is spending two and a half times more in real terms than Labor did on Indigenous specific health programs. Access to the Medical Benefits Scheme and the Pharmaceutical Benefits Scheme by Indigenous people has increased dramatically.

Last year, the government committed $130 million to law and order programs to protect the safety of Indigenous men, women and children and in this year’s budget we are providing over $800 million for education, housing and health initiatives. This includes almost $300 million over three years in additional funding to contribute to a $1.6 billion effort to tackle overcrowding in Indigenous communities. There are no easy solutions, but we are making progress. Some of these achievements include that death rates from respiratory illnesses have declined by half, death from infections and parasites have decreased by two-thirds and life expectancy is slowly improving. More Indigenous students are achieving the writing and reading benchmarks, secondary school attendance has increased and retention to year 12 has improved by 30 per cent since 1996. The number of Indigenous students undertaking bachelor degrees has increased by 14 per cent since 2001, the number undertaking vocational training has almost doubled since 1996 and Indigenous employment grew by 22 per cent between 1996 and 2001, compared to non-Indigenous employment growth of nine per cent.

These are very positive achievements, but the government realise there is a long way to go. This is why we are increasing our investment in this area. We are also introducing other reforms to encourage economic development by amending the Northern Territory land rights act. We are also making the Indigenous Work for the Dole program produce better job outcomes—and we abolished ATSIC, which for 10 years stood in the way of progress of Indigenous affairs.

Responsibility for health and education rests with the states, but we are not passing the buck and we are working with them through joint agreements and cooperation. It is going to take a long time to achieve true equity for our Indigenous Australians, but we are taking some real, practical measures towards that goal, all of which depend on the disciplined management of the Australian economy. Managing Australia’s $1.1 trillion economy does require discipline, experience and vision, which this government has consistently delivered. We will continue to take the necessary and often difficult decisions in Australia’s long-term interest so that we can lock in prosperity and build security and opportunity for all Australians, despite
the continued opposition from those on the other side of the House. I commend these budget bills to the House.

Mr DANBY (Melbourne Ports) (11.56 am)—We are six months from a general election. The Australian Labor Party will go to the polls campaigning on the theme that the Howard government has failed the future test. This will be an easy case to make. Where has this exhausted government failed the future test? The government of Australia is about the welfare of the Australian people and the future of our nation. It is not about a career for leading ministers or the Prime Minister’s desire for waterfront living in Sydney. This government, after 11 years, is now principally concerned with its own survival. It has reached this point because it has stopped being concerned about Australia’s future.

The House knows of my passion for electoral fairness. It knows also that this government is currently involved in an attempt to rob many scores of thousands of Australians of their right to vote at the coming elections. For generations it has been the practice to call an election and then close the electoral roll a week or so later. These extra days always witness many tens of thousands of Australians, mainly young Australians, rushing to get onto the roll so they can vote. Voting is both a duty and a right in Australia, and so it should be. Legislation introduced by this worn-out government will oblige the Australian Electoral Commission to close the rolls as soon as the election writs are issued. A government which is afraid of the future will effectively disenfranchise many thousands of young Australians because it knows young Australians generally vote for future-oriented policies, which means a vote against the Howard government.

There is a difference between the government’s claimed need for huge sums of money to be spent on advertising as communication in the lead-up to the federal election and the actually budgeted amounts of advertising, as outlined in Senate estimates, for the Australian Electoral Commission. There is a marked contrast between the AEC expenditure and the vast amounts of money that the federal government is spending in other areas. The ongoing advertising budget for the Australian Electoral Commission was put at $18.2 million over five years. Of that, $12 million had been allocated specifically to increase ‘awareness’, a key word in so many of the government’s spurious claims about the purposes of its advertising. These were for changes in electoral enrolment requirements, the most significant changes to electoral laws in a generation. This is a retrograde initiative of this government which will affect many hundreds of thousands of Australian voters.

For these changes, to which we on this side are implacably opposed, the government has provided $12 million for advertising. So the government has spent $850 million of taxpayers’ money since the last election on government advertising—to ram down our throat its inaction dressed up as action, its abhorrent policies such as Work Choices—but has a paltry few million to advise Australians about major changes to the electoral laws, and that is being funded out of the normal AEC budget.

The next area in which I believe this House understands the Howard government has failed the future test concerns its foreign aid tricks. Australia is a very wealthy country. It will get wealthier. We can afford to be honest in our public declarations concerning foreign aid. However, this government slowly filches about a third of our $3 billion annual aid package and uses it to pay all sorts of bills here in Australia. Many of these bills involve the most disgraceful parts of government policies, like payments to Nauru for its shameful collusion in keeping
people incarcerated there under its so-called asylum policy, and $600 million to settle the unpaid debt of Saddam’s Iraq—$600 million that any responsible government would never have lent knowing it would not be repaid.

I have spoken many times in this House about the payments irresponsibly made and insured by the Export Finance and Insurance Corporation. Basically, they are just a subsidy to the National Party. Australia irresponsibly sells vast amounts of wheat via the Australian Wheat Board to various countries, including Saddamate Iraq—and I am not talking about bribes that we allowed to take place via the Australian Wheat Board; I am talking about the up-front giving to these regimes of vast amounts of produce like wheat and then having the Australian taxpayer fund them via the EFIC arrangement. The $600 million that we let the Iraqis off was requested by the international conference for the current government of Iraq, but it was accumulated during the period of Saddamate rule in Iraq. What kind of a government would lend or give Iraq vast amounts of wheat and allow the Australian taxpayer to effectively pay for it, knowing that that hard currency would be used by that regime and other regimes that we give this wheat to as a subsidy to the National Party for hard currency purposes that none of us approve of?

The facts surrounding these abuses of government procedures in the foreign aid budget have been brought to our attention by an NGO, Aid/Watch. It was that group that brought the Treasurer’s brother, Mr Tim Costello, on to public radio to denounce the tax office’s attack on the charitable status of Aid/Watch. Who told the ATO to do this? The Howard government.

My next example of this government’s failing the future test concerns the Department of Defence. What in heavens name is going on there? Barely a month has gone past since 2004 without some story about mismanagement involving this department. At a time when Australia has its biggest military and naval deployments abroad in 40 years, we are afflicted with bungling on a grand scale. The future disposition of our armed forces will not lessen with the coming decade; it will increase. We have many serious complicating factors facing us in the South Pacific and our responsibilities under the ANZUS alliance. That the Australian Defence Force needs well trained and funded forces that we plan for conscientiously in the future is apparent to all of us. Yet, despite the extra $1.8 billion in Defence funding, we are still placing significant budgetary constraints on our forward-planning capabilities. As ASPI pointed out in its budget brief this year, there is a very disconcerting ‘absence of funds to cover all additional personnel and operating costs of new equipment to be delivered in the upcoming years.’ This includes the 737 early warning aircraft, the armed reconnaissance helicopters and air-to-air refuelling aircraft, which are scheduled to be delivered in 2009—delays in projects that will also lead to a delay in deferral in funding. We cannot keep putting projects off.

The Minister for Defence, Dr Nelson, must take responsibility to ensure that Defence projects are completed on budget and on time. Simply shuffling money further down the track to avoid election scrutiny is not good enough. As the ASPI report on the Defence budget states, ‘what makes this year easier inevitably makes future years harder.’ The professional men and women of the ADF deserve more. Australia needs more personnel to help defend this country—we do not dispute that. ASPI states that over the last three years to 2005-06, the strength of the permanent ADF fell by 929 people at a time when the goal was to increase the size of the force by a similar amount. For this reason the increase by 325 in the last year is good
news, but simply engaging in expensive television advertising is not enough to increase defence recruitment.

My deployment during the RIMPAC 2006 exercise on HMAS Manoora has made me keenly mindful of the need to nurture not just young recruits but existing personnel. With an election on the horizon, the government has ignored the holistic planning of the ADF. The assessment by ASPI of the current cycle of investment being piecemeal is a view I share. It fails to deliver long-term capability that we need to take consideration of.

A major problem seems to be in Defence procurement with the Seasprite helicopters—an absolute fiasco. Eleven wasted years under this government have seen the Australian Navy not having a helicopter that it can use with confidence on its ships. We are told that the government is concerned with safety and technical matters associated with this flying lemon. Here is a piece of free advice: you settle these matters before you buy. A 10-year-old buying a bike would make sure that it worked to his satisfaction before he handed over his $100. This level of common sense eludes the drones squatting on the front bench who have been representing us in Defence. With this black hole project, minister after minister, from McLachlan to Reith to Hill to Nelson, have failed to take responsibility to ensure the project was completed, deployable and on time.

A lack of planning means the government’s automatic position is to throw money at projects. The Minister for Defence has recently announced his intention to spend an extra $100 million on the Seasprite project, which has already had a billion dollars spent on it. With our Sea Kings temporarily grounded, this effectively means that 20 key helicopters in the Australian Navy used to project power are completely out of commission. It is now crystal clear that we have lost more soldiers in helicopter accidents in this term of parliament than from enemy fire. The Howard government is not interested in the future or doing a proper job in Defence and, in my view, is just dawdling along, yawning, signing cheques for yet more dud equipment. I am not surprised: duds attract duds—more Hill, McLachlan, Reith et cetera. What would you expect under their ministries?

My fourth point about future test concerns is our economic policy regarding China. China is a great business partner. The government of China is working hard to lift the mass of people from poverty; it is having some success. The Chinese government, though, in its currency is cheating economically. In a wider world of international economics, currency is freely convertible and the international market sets the price of a nation’s currency. This is refused by the Chinese government. They do this because they seriously undervalue the yuan, enabling China to unfairly compete in the sale of industrial goods. I can only agree with Mr Fred Bergsten, the director of the Institute for International Economics, who said in a recent report: China is … overtly exporting unemployment to other countries and apparently sees its currency undervaluation as an off-budget export and job subsidy that … has avoided effective international sanction.

This unfair behaviour has enabled China to accumulate $1.2 trillion in foreign currency reserves. This rate of accumulation cannot continue indefinitely.

It is long past the time that Australia should have joined the US in putting sustained pressure on the Chinese government to join the real economic world. The Chinese resist this pressure because it is a cheap way for them to make money. But it is only a short-term palliative for their problems. The current Shanghai Stock Exchange resembles Wall Street in 1924. All sorts of activities, financially unsecured and counting on the profits of next week to pay for
the debts of this week, are raging. Australia is a major factor in the Chinese economy. We supply them with many resources. This economic windfall for Australia is being steadily undermined by the disconnect emerging between the value of the Chinese currency on paper and its real value in the real world. The gap is about 20 per cent.

A 20 per cent collapse in the Shanghai Stock Exchange would be a terrible blow to Australia. Innumerable Chinese firms trading with Australia would crash. This would have a knock-on effect in Australia. All this is growing like a bubble in front of us because of the false value given to the Chinese currency by its government. There should be some revaluation but, of course, we have not heard a peep about this out of our own Treasurer. The Howard government like to pretend they are brilliant economic managers. They are not. Our current marvellous economic good fortune is based essentially on cashing Chinese cheques given for resource purchases. These cheques will slow very fast when the inevitable correction occurs in China.

In evaluating the political effect of this budget, in my view, ever since the Prime Minister became leader of the government he has had an incredible run of luck. Despite his failure as opposition leader against Bob Hawke, he regained the leadership after Andrew Peacock, John Hewson and the current Minister for Foreign Affairs proved to be duds. He did so just at the point when the public mood for change, after 13 years of a Labor government, emerged. Even then, he was only able to win by pledging to ‘never, ever’ bring in the GST, which voters had rejected in 1993, and promising a more ‘relaxed and comfortable’ Australia. Never were more insincere promises made by a major party leader—although Malcolm Fraser’s promise to retain Medibank comes close. The Liberals always fully intended to bring in the GST, and pursuing a divisive policy of class warfare against working people and the millions of Australians who are represented by unions was always their plan. This guaranteed to make Australians anything but relaxed and comfortable.

The PM’s luck continued in 1998 when Labor polled 51 per cent of the two-party vote but failed to get the swings in the crucial marginal seats. This was the worst result for a first-term government since the Great Depression, but the PM scraped home. The voters once again rejected the GST but the PM was able to get a spurious mandate and do his rotten deal with Meg Lees to get the GST through the Senate. It was the Democrats who took the blame for this and are rightly headed for total political oblivion.

In 2001 the PM’s luck held again. I have no doubt that, had it not been for the September 11 attacks and the Ta m p a affair, the honourable member for Brand would easily have won the election and become a great Australian Labor Prime Minister. It must irk the government that its electoral bacon was saved by Osama bin Laden and by the shameful manipulation of xenophobic sentiment involved in the Ta m p a affair. This was on top of the disgraceful dishonesty of the ‘children overboard’ affair.

After the honourable member for Brand’s retirement from the Labor leadership, the PM had a further run of luck, facing an opposition led by two successive leaders who failed to win the support of the Australian people. Underlying this was the continued strength of the Australian economy, the product in part of the great economic reforms of the Hawke and Keating governments and, in part, of the resources boom fuelled by a demand for resources from China. The PM and the Treasurer cannot claim credit for either of these. Their sole contribu-
tion to the Australian reform agenda has been the GST, whose benefits are far from clear and are probably minimal.

At the 2004 election the PM achieved his ultimate ambition: winning control of the Senate and getting the numbers to pass his industrial relations legislation, the so-called Work Choices, the policy that dare not speak its name. Obviously no-one told the Prime Minister to be careful what he wishes for, since he might not like what he gets. Now the government’s luck has finally run out. The IR legislation has stripped away the Prime Minister’s moderate facade and exposed him as a lifelong class warrior and champion of social division. The Australian people have rejected the IR legislation from the start, and that is why the coalition is now 10 points behind in the polls.

It is very clear to me that many of the people described as ‘Howard’s battlers’ are working people who, with their overtime and allowances, were able to earn extra income to pay their mortgages. They are now being very solidly confronted with the fact that the Howard government is saying to them: ‘Okay, you were our supporters. Now take a $20,000 wage cut overall from an $80,000 salary.’ In Western Sydney and in regional Queensland many people who previously supported the Howard government understand the terrible effect of this Work Choices legislation and have made their decision not to risk voting for the coalition. I think the opinion polls are consistent and they will stay consistent, probably going down and becoming a bit more moderate before the next election.

I have never understood the chorus of commentators who have praised the Prime Minister as an infallible political genius. His judgement of the mood of the Australian people has frequently been poor: on the GST, on Pauline Hanson and now—hopefully fatally—on industrial relations. He has appointed a series of dud cabinet ministers: John Moore, who was asleep at the wheel on defence; Peter Reith and his gulf mercenaries on IR; Senators Patterson and Vanstone. That is not to start on the National Party and the Australian Wheat Board’s scandalous funding of the tyrant Saddam Hussein with a huge amount of cash that that regime had at its discretion—hard currency to buy weapons and to pay for suicide bombers. It was an absolute scandal that a country like Australia paid for that.

In 1995, when the public was tired of the Labor government, the honourable member for Bennelong was able to persuade the Australian people that he had changed from his divisive and confrontational old self and that he was a new John Howard. This was a con, and the con has now been exposed for all to see. There was no new John Howard at all, just the same old ideologically obsessed Prime Minister of the 1970s, aided by a great deal of cunning and trickiness. I remember it was Senator Brandis, who is now a minister, who said it was rodent-like cunning that informed the Prime Minister’s political views.

Now the wheel has turned full circle. Now it is Labor who can offer the Australian people a real leader, committed to a new style of politics and a new standard of honesty. Since December last year the Leader of the Opposition has won the trust and admiration of the electorate. No rabbit in the hat, no throwaway budget—

Dr Southcott—Mr Deputy Speaker, I rise on point of order. There is an onus on all members of parliament to be accurate in what they say to the parliament.

The DEPUTY SPEAKER (Hon. DJC Kerr)—No.

Dr Southcott—I believe he has misrepresented Senator Brandis.
The DEPUTY SPEAKER—There are no rules of relevance. The member will resume his seat or he will be warned.

Mr DANBY—The member will be pleased to know that I am concluding. He will not have to endure the political truths for too much longer. Since December last year, the Leader of the Opposition has won the trust and admiration of the electorate—and no rabbit in the hat, no throwaway budget, no tax bribes and no interest rate scares can change that. Luck can get you only so far in politics. The government’s luck has now run out, and it has nothing else to offer. As I said, the act of governing Australia is not about endlessly providing this government with the sinecures of office and the PM with a Sydney waterfront mansion. He does not believe in the issues that I have outlined concerning Australia’s future, but surely there are some members of this collapsing government who can see the problems and who are finally willing to put Australia’s future first. They had better act quickly.

Ms BIRD (Cunningham) (12.15 pm)—I am pleased to make a contribution to the debate on the Appropriation Bill (No. 1) 2007-2008 and cognate bills. This budget, which looks to be little different from many others we have seen, has sunk very quickly without a trace. There were big build-ups in the media in the months and weeks leading up to budget night. Leaks were being carefully provided—and, of course, those leaks were not pursued by the police—to the media, which then covered them. The budget came but has now slipped away from the public memory. It is no wonder that the government look increasingly bewildered. But there is also a sense of arrogance in that bewilderment. It is as if the government are expecting the people of Australia to roundly congratulate them on the budget. This is the kind of hubris that starts to infect long-term governments. You know that they have occupied the Treasury bench for too long when their expectation is that a cynical exercise of giving out money will be roundly applauded by the public.

I am of a view—and it applies to all governments, regardless of their political persuasion—that the public have got to the point where they expect budgets to provide these sorts of giveaways because, unfortunately, they have an expectation of us as politicians to pursue the lowest common denominator in setting a future agenda through budgets. The budget did not capture the imagination of the public because they saw it within that framework. I was certainly encouraged by the Leader of the Opposition’s reply to the budget, in which he attempted to rebuild a view that a budget should be about setting out an agenda for the future that states what the priorities are and how the spending commitments within that budget should reflect those long-term commitments.

Listening to the Treasurer on budget night, I was particularly astounded—even more so than in the previous two years that I have been in this place and heard budget speeches given by the Treasurer—at how his speech was like a shopping list. It lacked a story about his agenda and an explanation as to why it had those priorities. I would have thought that the Treasurer, in his big announcement about the Higher Education Endowment Fund, would have discussed why the fund was such a significant investment for the long-term future of our country; why the government, after 11 years, decided that investing in public education was a worthwhile thing to do or why education had some contribution to make to the future prosperity of the nation—but none of that was in his speech. Indeed, it was almost like saying: ‘I’ve got this list of people to pay off with a bit of a sweetener in the budget. It is such a long list and I need to get through it, so I can’t say anything more broadly about what my agenda is for..."
the future or why I have structured the budget in the way that I have.’ That attitude was reflected on in some of the informed commentary following the budget. For example, the ANZ federal budget report said:

... we find it impossible not to wonder whether future generations of Australians might not look back upon the nearly $400bn of windfall gains that have been redistributed through this and the preceding four Budgets and wonder whether we could not have had rather more far-reaching reform, for that enormous sum.

This is not from opposition members; this is from the ANZ’s own federal budget report.

Peter Saunders, the social research director for the Centre for Independent Studies, said in the Australian on 10 May:

What was the overall rationale driving Peter Costello’s 12th budget? What fundamental objectives was he trying to achieve? What key principles informed his decisions?

In the same opinion piece, Mr Saunders went on to say:

... the Treasurer is so awash with taxpayers’ money that he really does not know what to do with it. I can hardly think of a more damning statement to make about a nation’s Treasurer than, at a time when he has windfall income, he has no capacity to build a vision for future prosperity around which he can structure a funding policy. Again, it is not members on this side saying that; this is the Centre for Independent Studies saying that. I think there is some fairly good indication in this sort of commentary about why the budget failed to inspire anybody out there in the wider community.

It is certainly quite serious criticism from the government’s own fellow travellers and it is not the first time that such strong criticism has been forthcoming from the Centre for Independent Studies. In the policy issue for the summer 2006-07, the government’s policy cops a bucket of criticism in an article titled ‘The rise of big government conservatism’. The article can be summed up by its last sentence, which says:

Modern conservatism may turn out to be not as family friendly as it seems.

The article is talking about this government being one of the biggest spending governments in terms of churning money through a taxation system back into welfare handouts that are targeted to have particular electoral impact and, clearly, a lot of the conservative economic commentators do not see that as a useful or worthwhile thing to do—and, clearly, neither does the general public.

I must say, though, that I am sure many other offices like mine have been quite inundated with calls from people on disability support pensions wanting to know what is so unworthy about them that they miss out on the sugar-coated lolly that came in the budget for age pensioners. It is not something I bother trying to explain to them—I do not see why I should—but they do not understand why they have been overlooked, particularly on top of the Welfare to Work reforms that have affected them so significantly anyway. I have had many meetings in my own electorate with disability support providers who are dealing with people who are being very poorly treated through that process and, as a result, having great difficulties.

We have seen from the government just this week an example of this—and I will touch on industrial relations legislation within the broader economic framework in this speech because once again I have been gagged from speaking in the debate in the parliament today. I never had the opportunity to speak on the original legislation; I was gagged from speaking in that
debate. This is one of the most important reforms that this government is touting around the country in its term of government, yet, as a representative for my area, twice it has denied me the capacity to discuss it in the House. So I will take this opportunity to make some observations on that.

It just astounds me to hear the government saying that since it introduced the Work Choices legislation in 2006 the legislation has become so significant to the wellbeing of the economy, so significant to the creation and sustenance of jobs, particularly for the long-term unemployed, and that it is such an important and worthwhile reform that any changes Labor proposed to that legislation would be devastating. The economy would collapse. There would be mass unemployment again. It would be absolutely impossible and, in fact, quite destructive to propose any sort of change to the 2006 Work Choices legislation!

I will admit that the government’s first proposed reforms were not dramatic. Changing the name of the legislation probably was not going to bring the sky down. It was clearly a paint job. But the government so significantly does not understand that at the heart of the problem with its Work Choices legislation is the fact that the general population feels that there should be a balance. In any of these issues there are two competing interests—and everybody understands that—and both those competing interests have legitimate claims and legitimate needs to be met by government intervention. You have to get a balanced approach. Clearly, the general public feels that, having got control of the Senate, the Prime Minister and this government have then gone too far in one direction and that changing the name is not going to change the outcome.

Indeed, I am often amused by the actions of the government senator who has an office in my town. Whenever I am looking at any of these issues, I meet with my local business chamber, the local branch of the Australian Industry Group, the South Coast Labour Council and different union representatives, and I take all their views on board—a pretty balanced approach, one would have thought. But try and get a Liberal senator to meet with a single union organisation. This government represent an entirely one-sided view of these issues. Not only do they see unions, union representatives or, indeed, the individual workers who I know have attempted to make appointments to discuss these issues as not having a legitimate view but they see them as being somehow groups to be attacked and vilified. The class war is really being run in this nation by the government benches, not by this side. What we are talking about is trying to get some balance back into the system.

Some new amendments have come before us. If we had spoken about these amendments a month ago, this government would have been talking about the end of the world as we know it and saying that those sorts of reforms would create destruction throughout our community. Young people would never be able to get a job, they would have said. We would see mass unemployment occurring and businesses moving offshore—that is the sort of rhetoric we would have been getting from the government. Now suddenly they never meant that to happen. People misunderstood the legislation. They have got to go back and correct it. Perhaps if they had allowed a decent debate and review process at the time they brought the legislation in some of these issues could have been teased out and addressed in the first place.

Now we have an amendment coming before the parliament which again has been subject to limited debate, with many of us being gagged from participating in it. The amendment had itself to be amended the night before we had the conversation in the House about it. This is
very poor policy making. To treat good debate within this place in this way and to discount the contribution it can make to ensuring that the best possible legislation goes forward is arrogant.

I will simply make the point that, from now on, every time Labor talk about a proposed reform of this system and the government scream that it will be the end of the world as we know it, we can quite simply say, ‘That is what you said about the fairness test.’ Every time we tried to talk about low-income earners who are not in the high-demand mining jobs—the cleaners, the hospitality workers, the restaurant workers and the retail worker—who are getting screwed over and said, ‘This is an unfair system for them,’ the government screamed that we did not understand, that we were going to cost these people jobs and that, ‘Wasn’t it good they had a job?’ Now they bring in their own amendments to their own legislation and say that this is a good outcome.

They have no legitimacy anymore in criticising proposed reform of this system; none whatsoever—unless what they are really saying is, ‘We are cynically putting this in place to avert a political problem in an election year.’ Let us remember what the Prime Minister said when he first touted these reforms: they were not really needed. The end result of that argument is that this amendment is being made because people might talk to people who know someone who knows a niece who had a son that had had a bad problem. That was the Prime Minister’s direct framing of this particular reform. He said: ‘It is not really needed but there is a perception out there that someone might know someone who has got a problem. Therefore, we are going to spend $340 million and employ 600 inspectors to resolve a perceived problem that does not really exist.’ I am suspicious of that approach to policy reform. It is certainly not sincere and therefore one wonders how long lasting it will be and how dependent on the outcome of the election it is.

As I wrap up to complete today’s session, I want to make the point that the budget is clearly not attracting the level of attention that the government had hoped it would because it is pretty cynical. We all need to lift our game in talking about the future and build a vision for the future economy of this country that does not simply rely on quick fixes. I assume that I am close to the 12.30 pm mark, so I might leave my comments there. I thank the House for indulging me in covering a broad range of issues within my speech on the appropriation bill.

The DEPUTY SPEAKER (Hon. IR Causley)—Order! I understand it would suit the convenience of the Committee for the debate to be adjourned and the resumption of the debate to be made an order of the day for the next sitting.

ADJOURNMENT

Mr NEVILLE (Hinkler) (12.30 pm)—I move:

That the Main Committee do now adjourn.

Interest Rates

Mr HAYES (Werriwa) (12.30 pm)—‘Mortgage belt suburbs, especially in the west and south-west of Sydney, have profoundly felt the effects of the eight interest rises since 2002.’ That sounds a bit like what Labor members have been saying for the last year. It would be easy to think that this statement was made by one of our Labor members, but that is a comment that was made by an analyst with Australian Property Monitors when discussing the im-
pact that interest rate rises are having on residents in Western Sydney, particularly in the
south-west of Sydney.

The mortgage belt of south-west Sydney is being belted by the interest rate increases that
this government has presided over. Writs of possession orders, issued by the Supreme Court,
are up 75 per cent since 2004 and rising. If we have a look at the experiences of people in the
suburbs of my electorate, we find the following: in Casula, 18 writs were issued in 2006; in
Eagle Vale, seven; in Eschol Park, five; in Glenfield, seven; in Hornsby Park, five; in In-
gleburn, 16; in Lumeah, five; in Minto, 13; in Raby, seven; but, worst of all, a whopping 32
writs were issued in Prestons. That is the tale of the south-west of Sydney at the moment.

As Dara Dhillon, a real estate agent in my electorate at Ingleburn, reported recently, in the
south-west of Sydney 90 per cent of houses coming onto the market are forced sales, and that
number is continuing to rise. So, while the Prime Minister says that working families in Aus-
tralia have never had it so good, what people know is that the Prime Minister has never been
so wrong.

Disturbingly, the trend is set to continue. We heard earlier this week that the number of per-
sonal insolvencies has doubled in the last nine months. Debt agreements—binding agreements
entered into by people who cannot afford to pay their debts—have increased by some 32 per
cent in the nine-month period to March of this year; and, as Terry Gallagher, Chief Executive
of the Insolvency and Trustee Service Australia, told Senate estimates: ‘You could go back 10
or 15 years when bankruptcies were around about 13,000 a year; now they stand at about
30,000 a year.’ Mistakenly, many residents believed the Prime Minister when he promised in
2004 to keep interest rates at a record low. They are now seriously questioning their mis-
placed trust, as they are paying more than ever for their mortgages. I know that members op-
posite constantly hark back to the 17 per cent interest rates of the past, happily ignoring the
fact that their record on interest rates is worse and trying to write it off as the result of higher
house prices. They know the truth, but they just will not admit it. Unfortunately for them,
people are seeing the experiences of their friends and neighbours as they are being cruelled by
the interest rate increases, and they will not be tricked next time.

Australian families know that, despite the best efforts of the Prime Minister to convince
them otherwise, the interest rate increases since 2002 are costing them about $500 a month
more; they know that rising petrol prices are putting constraints on their family budgets; they
know that their jobs are at risk because Work Choices is still very real; and they know that the
Prime Minister has got it wrong when he says that working families have never been better
off.

All the pork-barrelling in the world will not help this Prime Minister when it comes to
changing that perception. People in my electorate, and people generally, understand that,
when it comes to this Howard government, you never get what is promised. People living in
the south-west of Sydney, and people living in the outer metropolitan areas of all cities, are
affected by growing interest rates and it has impacts on their families. For this government to
try to pass it all off as being symptomatic of higher house prices is at best delusional and at
worst a black joke on the people, the families—the so-called ‘Howard battlers’—who have
been fooled once but who will not stand for being fooled a second time by this government.
Mr BALDWIN (Paterson—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (12.35 pm)—Today I rise to talk about choice. Choice in life is many things to many people and in my electorate it is important that people be given choice. One choice is to join a union or to not join a union. But what we will see under the Labor Party, should it come to power, is a return to no ticket, no start. The ALP is set to demand that only union members be employed in certain workplaces, which means there will be a union application form included as part of new job starting packs.

My opponent in the upcoming federal election is an ambulance officer. He claims he is seeking to represent the people of Paterson but, according to the journal of the ambulance service of New South Wales, Jim Arneman:

... has a long standing involvement in strategic union issues.

This is of concern to me because, if the Labor Party has its way and he is voted into government, I fear that we will return to everybody being forced to join a union—and, let me tell you, they will definitely pay a bargaining fee.

Under this government we have seen a drop in union membership. There has been a drop in union membership because of choice by the workers. Only 15 per cent of employees in the private sector are in unions. The Labor Party claims it is because of the Howard government’s workplace reforms. How hypocritical of the Labor Party to make this assumption. Did the union bosses not predict a boost in union membership following the workplace relations reforms? So much for that idea. If you look at the figures, you see that union membership has been on the decline for more than three decades. That is because unions and union bosses set out to do nothing more than collect money from union memberships to fulfil their own lifestyles and political ambitions rather than develop and help the employees they claim to represent.

In my electorate of Paterson, the predominant type of business is small business. It is estimated that there are over 10,000 small businesses in our region. I have regular discussions with small businesses in my electorate—from Dungog, Forster, Port Stephens and through to Gloucester. Most of them just want to get on with the job of building up their business, working and employing people. Their workers should be given a choice if they want to belong to a union. They should not be forced to join a union. They should not be excluded if they choose not to join a union. But their rights should be respected should they choose to join a union.

The local butcher shop at Raymond Terrace may have four or five staff, and it is their choice if they want to belong to a union. They should not be forced to join, as I have said. There are other prominent businesses in my electorate which are thriving, including charter boat companies which offer whale and dolphin watching. Their staff should be given a choice as to whether or not they want to join a union.

I am proud to say that, in my electorate, unemployment figures have dropped. In March 1996, unemployment in Paterson was at 10 per cent. According to the latest figures it is now 7.2 per cent. Sure, there is more to be done to reduce it further, but it is a sign of a successful economy and successful businesses. What is interesting in my electorate of Paterson is that unemployment levels have dropped since the Howard government’s workplace reforms were introduced. In March last year, the unemployment level was 7.5 per cent. It is now 7.2 per
cent. It is these workplace reforms that are not only adding to the decline of unemployment levels but also adding to the decline of union membership. Employment conditions have also strengthened considerably in the Hunter since March 1996, with the level of employment increasing by 75,700, which is 36.9 per cent of the region over this time. Employment growth over the past year is up by 6,100, which is an increase of 22.2 per cent.

A major source of employment in my electorate is the mining industry based in and around the Hunter. At a dinner I attended last night, Xstrata Coal chief executive Peter Coates said that he remembered the days when unions brought industry to its knees. Mr Coates said that staff would come to work on Fridays with their boats attached to their cars because they knew they were going on strike on that day anyway, which made for a long weekend. He said the staff would hold stop-work meetings and disputes over the flavours of ice-cream in the canteen. We do not need to return to those days. Productivity of business suffers, which has an effect on our economy and an effect on employment.

Workplace relationships have flourished in our community. The strike rate is down. People are taking home more pay. They are enjoying their employment opportunities and, in particular, the flexibility that they deserve. I encourage people to look wisely and hard at their choice as they step forward to this federal election—at what choice is for them. Do they want to be dictated to by union bosses who do nothing but provide power for those bosses? (Time expired)

Darfur

Mr DANBY (Melbourne Ports) (12.40 pm)—I want to applaud the US government decision to place financial sanctions on 13 individuals and entities responsible for the deaths of 200,000 people and the displacement of two million people in the western region of Sudan, the area of Darfur.

The UN Security Council some months ago passed a very noteworthy resolution forcing the government of Sudan to accept a UN Security Council peace force to separate the government of Sudan’s forces and its murderous militia, the Janjaweed militia, from the innocent people of Sudan, but, unfortunately, things have not progressed very quickly in the meantime. What did President Bush say in moving these financial sanctions?

“I promise this to the people of Darfur: the United States will not avert our eyes from a crisis that challenges the conscience of the world,” the president said.

“For too long the people of Darfur have suffered at the hands of a government that is complicit in the bombing, murder and rape of innocent civilians,” the president said. “My administration has called these actions by their rightful name: genocide.

The recent context for these financial sanctions is that a beleaguered force of 7,000 African Union troops has been unable to stop the fighting in Darfur and neither has a peace agreement signed a year ago between the government and one rebel group. Last November, Sudan’s President Omar al-Bashir agreed to a three-phase UN plan to strengthen the African troops but has delayed the implementation and backtracked on an agreement for a 23,000-strong UN and African hybrid force to be deployed. In Darfur, if anything, the violence has grown worse. Instead of deploying this UN force immediately, as he was meant to months ago, he has bombed a meeting of religious leaders, kept food from his people and even painted a Sudanese aircraft that was shipping arms to the Janjaweed militia to look like a UN jet.
However, after five months of stalling, the Sudanese President gave the go-ahead for the second phase of the UN deployment to take place—he gave the permission in mid-April. That will enable 3,000 UN troops, police and civilian personnel, along with helicopters and other equipment, to be deployed. The African Union and the UN agreed last Thursday on details of a hybrid force, and UN envoy Jan Eliasson reported progress on getting more than a dozen rebel groups to the negotiating table. These are very welcome developments for the people of Darfur, who, the refugees in my electorate constantly tell me, are still under incredible pressure from the Sudanese government and the Janjaweed militia.

These sanctions against Sudan step up the enforcement against 100 or so Sudanese companies already barred from doing business in the United States. They add 31 additional companies to the sanctions list, barring them from any dollar transactions in the US financial system. Of those companies, 30 are controlled by the Sudanese government and at least one is violating the UN Security Council’s arms embargo against shipping arms to Darfur.

The sanctions against individuals responsible for the violence include a number of people, including the so-called Sudanese minister for humanitarian affairs, who is one of the people who the UN has said is responsible for the terrible genocide that is happening there and who, in fact, the International Court of Justice, to its great credit, has indicted for crimes against humanity, along with the head of a Janjaweed militia. Also named were military intelligence chief Awad Ibn Auf and Darfur Janjaweed leader Khalil Ibrahim.

The situation in Darfur is one of the most terrible situations that have taken place since the Second World War. As with the genocides in Cambodia, Rwanda and other places, it is a shame that Australia is not taking stronger action along with other Western countries. I am not suggesting military intervention, although I am very pleased to note that the Leader of the Opposition, Kevin Rudd, has suggested that, if the UN wants some technical assistance—maybe helicopters, maybe a few key personnel—Australia would consider, under a new government, helping that UN force in Darfur. We must take action to see that the murder of hundreds of thousands of people, the destruction of entire villages, and the raping and pillaging of the innocent people of Darfur ceases immediately, and these financial sanctions are a welcome measure. (Time expired)

Recreational Fishing

Mr NEVILLE (Hinkler) (12.45 pm)—Recreational fishing is part and parcel of the Australian way of life. It is part of the Australian lifestyle and something that is enjoyed by all generations. On top of that, it is a great family activity. Recreational fishing creates tourism and employment. With more than 3.6 million people fishing throughout Australia each year and more than 24 per cent of Australian households containing at least one recreational angler, it is a very important issue.

My electorate of Hinkler and areas to its immediate south, including Hervey Bay and surrounding areas, are home to some of the most popular recreational fishing spots in Australia. I have my fair share of contact with recreational fishermen and have recently started working with a number of fishing organisations around the Hervey Bay area. Few people realise that there are more than 5,200 boats of eight metres or less registered in the Hervey Bay region and upwards of a quarter of a million people visit the region each year, coming for the fishing, which is quite interesting. It is very important that these people have suitable and safe facilities for their use. Just recently I have seen local reports of ‘boat ramp rage’ occurring where
fishermen have had to queue and wait their turn to use small and out-of-date boat ramps to launch their vessels. I have pledged to try to turn this around. It is exacerbated sometimes by the cycles of wind and tide which cause the boats to rise and fall on their cradles as they are being taken out of the water.

One group which is working hard to get a boat ramp in good order is the coastal community of Burrum Heads, through the Burrum River Taskforce, chaired by the state member for Maryborough, Chris Foley. I recently attended one of their meetings to discuss the way forward in establishing a boat ramp for the use of recreational fishers in the area. People central to the project include Martin Bellert of the Sunfish Fraser Coast organisation, Bill Cardiff of the Burrum Heads boat ramp subcommittee, Alan Nicholls of the Burrum Heads Progress Association, representatives of the Hervey Bay City Council, including the mayor, Ted Sorenson, Councillor David Dalgleish, Councillor Bob Campbell and council coastal management officer Jamie Bunt. Others involved are Joe Rieschieck of Queensland Transport, Ross Quinn of the DPI and Trevor Carter of the EPA.

Programs like the federal government’s $15 million Recreational Fishing Community Grants Program are crucial to groups such as these. The radical rezoning of the Great Barrier Reef Marine Park and the reduction in areas where commercial and recreational fishing can take place have made this program even more crucial for areas like this. The OzEstuaries organisation has calculated that fishers spend around $1,000 each year on their fishing activities, including such items as tackle, boats, travel, accommodation et cetera. If we apply that figure to the number of small craft in the Hervey Bay region, a conservative estimate would show that more than $5 million each year flows from the pockets of recreational fishers into the local economy.

In recent weeks I have announced two recreational fishing grants for my electorate of Hinkler and another in the neighbouring city of Hervey Bay. The first recipient, the Monduran Anglers and Stocking Association of Gin Gin, will use its funding to install a holding cage and rainwater tanks. The second recipient, the Bundaberg City Council, will use its grant to upgrade the jetty in the CBD. The third project, which will come into the new area of Hinkler, involves $100,000 to build a new boat ramp at Gatakers Landing at Hervey Bay. The current boat ramp is old, unsafe and basically inaccessible to many users. Its replacement with a two-lane, all-weather, all-tide ramp with 45 sealed car and trailer parks will be a great boon for this area. It will also feature a rigging and derigging area, overhead lighting, queuing beach facilities and fish-cleaning facilities. The beauty of these projects is that they will create new opportunities for local economies. Recreational fishing is a drawcard for many visitors and if they have a better facility they are more likely to visit areas like this. (Time expired)

Eating Disorders

Ms KATE ELLIS (Adelaide) (12.50 pm)—Earlier this year I addressed the parliament about the need for us all to be doing more when it comes to the prevention of eating disorders. The prevention of eating disorders is obviously an area where we must apply due diligence, because, as the well-known but very pertinent cliche goes, prevention is always better than a cure. However, this does not mean that we should turn our sights away from the provision of better treatment and rehabilitation services for those men and women in Australia who are suffering from eating disorders. And it is on this matter that I would like to speak this morning.
I recently had the opportunity to meet with the South Australian branch of the Eating Disorders Association, which is a not-for-profit organisation supporting people of all ages who are suffering from an eating disorder. I was invited to attend a meeting with its support group participants to discuss eating disorders and their potential treatments. I would like to thank the Eating Disorder Association for having me out there but also the participants for speaking so honestly about their own illnesses and what they saw were the areas where we were most lacking in addressing these issues. A number of issues were raised with me at this meeting and I will continue to raise them within this parliament, but today I would like to particularly focus on the lack of services which are available in this country for people suffering from eating disorders.

There are a number of different treatment options available in different parts of the country. There are also a number of different treatments which are appropriate for different sufferers. Some cases can be treated by dietary advice, exercise programs, cognitive behavioural therapy, motivational therapy, family therapy, counselling, psychotherapy or drug therapy. Sometimes, when conditions are severe, treatment requires hospitalisation.

After the meeting at the Eating Disorders Association, I looked into just what services were available across Australia and I found that it was very hard to come up with answers. When I was at this meeting, I heard about the scarcity of services and I heard from some sufferers who were forced to head interstate to get appropriate treatment. I also heard the firsthand accounts of people who felt that they had no choice but to go overseas to receive treatment and they were just lucky that they were in a financial position where they were able to do that. Obviously, not all sufferers are in this situation. So I decided to do a little research and look into this matter, because I wanted to see whether it was just in South Australia where we were lacking services or whether it was indeed across the country. I discovered that this is a very hard area to get any answers on because eating disorder treatments are generally classified under the broad label of mental health. It is very hard for me as a member of parliament to see what services are available—let alone for the many people who need these services urgently either for themselves or for their families.

I will continue to lobby at both the state and federal level because there is no doubt that we need to do more work and ensure that there are more services available. Today I call on the federal health minister to report back to this parliament on just what level of support services for eating disorder sufferers are available in this country, where these services are available and most importantly where the gaps are and how we are going to fill them.

I would also like to briefly touch on one other issue that was raised with me at this meeting and which has been raised with me subsequently by people who have written to me, and that is the stereotyping and inaccurate portrayals in the media of eating disorders and the devastating consequences that this can have. Many of us will be familiar with the images of women with protruding ribs, gaunt faces and dark circles under their eyes. These are the images that feature prominently alongside almost every media piece about eating disorders in this country. It reinforces the stereotype that all sufferers of eating disorders are waif thin. Despite the fact that this is simply inaccurate, it is also very damaging. I heard accounts from people at this meeting who said that, for a long time, when they were clearly suffering from a very serious disease, they looked in the mirror and they did not see reflected back at them the images that they associated with eating disorders in this country, so they did not go and get help. It is very
damaging to stereotype eating disorders and eating disorder sufferers, and it often leads to people not receiving the treatment that they require. (Time expired)

Rural and Regional Australia

Mr BRUCE SCOTT (Maranoa) (12.55 pm)—This morning in this chamber in my three-minute statement I described the impact of a Labor government on the economy of Australia, particularly on rural and regional Australia. I spoke of Emerald and Blackwater, in the heart of the Bowen coal basin; the control that unions had over the practices on the coalfields and the impact that that had on those communities; and the contrast between what was witnessed in those communities and what we have today—thriving, growing towns. In fact, as I said this morning, Blackwater is a town now growing once again, whereas under a Labor government administration, because of the dominance and control that the unions had in the workplace at that time, houses were actually being transported out of that town into other communities. Instead of what we had then—towns in their death throes—we now have towns in a revival mode, growing strongly, and small businesses establishing in these communities.

To see the impact a Labor administration here in Canberra could have in rural towns, you need look no further than when Wayne Goss was the Premier of Queensland and his chief adviser was the now Leader of the Opposition, Kevin Rudd, and the impact that had on Queensland, particularly rural Queensland. The Leader of the Opposition claims that his experience as an adviser to the then Premier of Queensland gives him the credentials to be Prime Minister of Australia. If he claims that experience as his credentials, we should look at what he did while he was chief adviser and, for a period of time, secretary to the cabinet in Queensland under the premiership of Wayne Goss, and look at the impact on rural Queensland. Services were cut under that regime. Forty-six rural courthouses closed across rural Queensland. There were huge rail closures, resulting in the loss of some 420 jobs in Townsville whilst Wayne Goss was Premier and Kevin Rudd, the now Leader of the Opposition, was his adviser—420 jobs lost in Queensland Rail. We only need to look at what is happening in Queensland Rail now to see the problems that are directly related to the administration of the Goss government, the inaction of the Beattie government and the dominance of the unions in the Queensland public service and what it has meant to coal companies being able to export coal out of Queensland. It has been well recorded and written up in the last few days in our national newspapers.

We saw some 600 jobs cut within the department of primary industries in Queensland. Queensland is a large agricultural state. The second largest export from Queensland by value is the beef industry. Under Wayne Goss and his adviser, Kevin Rudd—now Leader of the Opposition—some 600 jobs were cut out of Queensland’s department of primary industries. More than 400 teaching jobs were cut from regional schools, for heavens sake. In his address in reply to the budget of the federal government, the Leader of the Opposition said that he wants to establish a technical classroom in every school in Queensland, but his record as an adviser to the then leader of the Labor government in Queensland, Premier Wayne Goss, states otherwise.

Looking further at his record, we see that he was not content with the railways, the schools and the courthouses, so he then went to look at the police stations. They became unmanned on weekends, and a one-man police station was closed and a two-man station became a one-man station. This was under the person who wants to put himself forward as a future Prime Minis-
ter of Australia and use his record in Queensland as the credentials for his eligibility to be Prime Minister of Australia. Some 403 teaching positions were lost. There were closures of small country schools. There was the relocation of regional education offices. Funds for rural school libraries were cut. Rural TAFE projects were cut. Funds for rural education projects were cut as well. *(Time expired)*

Main Committee adjourned at 1.01 pm
QUESTIONS IN WRITING

Regional Impact Statements
(Question No. 1140)

Ms Bird asked the Prime Minister, in writing, on 10 May 2005:
(1) Can he confirm that Regional Impact Statements are still included in Cabinet submissions.
(2) What factors and issues are considered in the drafting of Regional Impact Statements.
(3) Which department or agency is responsible for drafting Regional Impact Statements.

Mr Howard—The answer to the honourable member’s question is as follows:
(1) Yes
(2) Regional impact statements are prepared where the impact of a proposal being considered varies across regions or between metropolitan and regional areas.
(3) The department responsible for the proposal being considered drafts the regional impact statement in consultation with the Department of Transport and Regional Services.

Prime Minister and Cabinet: Office Accommodation
(Question No. 4630)

Mr Kelvin Thomson asked the Minister for Communications, Information Technology and the Arts, in writing, on 14 September 2006:
Is the Minister’s department, or any portfolio agency, in the process of having office accommodation constructed at a new location; if so, (a) what is the total construction cost and (b) when will construction be completed.

Mr McGauran—The Minister of Communications, Information Technology and the Arts has provided the following answer to the honourable member’s question:
No, neither the Department or any of the Portfolio agencies are in the process of constructing office accommodation at a new location.

Finance and Administration: Trespass
(Question No. 5116)

Mr Kelvin Thomson asked the Minister representing the Minister for Finance and Administration, in writing, on 7 December 2006:
For each financial year from 1 July 2004, how many instances of trespass have been recorded by the Minister’s department, and for each instance of trespass, (a) what type of trespass occurred, (b) what action was taken against the offender and (c) what action was taken to prevent a future occurrence.

Mr Costello—The Minister for Finance and Administration has supplied the following answer to the honourable member’s question:
2004-2005 – Nil
(a) Not applicable.
(b) Not applicable.
(c) Not applicable.
2005-2006 – One
(a) An unidentified person gained unauthorised access to Finance premises after hours.
(b) The matter was reported to the Australian Federal Police for investigation.
(c) Finance undertook an assessment of protective security arrangements in this tenancy and implemented the recommendations. Finance also increased security guarding services in this tenancy.

2006-2007 – Nil
(a) Not applicable.
(b) Not applicable.
(c) Not applicable.

Water
(Question No. 5291)
Mr Melham asked the Prime Minister, in writing, on 5 February 2007:
On what dates, in what circumstances and with what results has he contacted State Premiers about the operation of section 100 of the Constitution.

Mr Howard—The answer to the honourable member’s question is as follows:
I have had a number of discussions about water and water access rights with state premiers.

United States Vice President: Visit to Australia
(Question No. 5425)
Mr Melham asked the Prime Minister, in writing, on 14 February 2007:
(1) When and through what channels did the Australian Government extend an invitation to the Vice President of the United States of America, the Honourable Richard B. Cheney, to visit Australia.
(2) When did Mr Cheney accept the invitation.

Mr Howard—I am advised that the answer to the honourable member’s question is as follows:
(1), (2) There has been a longstanding invitation for Mr Cheney to visit Australia which he originally sought to take up in April 2003. The United States indicated late last year through diplomatic channels that the Vice President would like to visit in early 2007.

United States Vice President: Visit to Australia
(Question No. 5426)
Mr Melham asked the Prime Minister, in writing, on 14 February 2007:
(1) When did the Commonwealth Government inform the Government of Tasmania of the prospective visit by the United States Vice President, the Honourable Richard B. Cheney, to Tasmania for the purposes of fly fishing.
(2) What assistance, if any, has the Commonwealth Government sought from the Government of Tasmania in relation to this visit.

Mr Howard—I am advised that the answer to the honourable member’s question is as follows:
(2) Not applicable as the Vice President did not visit Tasmania.
United States Vice President: Visit to Australia
(Question No. 5427)

Mr Melham asked the Prime Minister, in writing, on 14 February 2007:

(1) When did the Commonwealth Government inform the New South Wales Government of the prospective visit to Sydney by the United States Vice President, the Honourable Richard B. Cheney.

(2) What assistance, if any, has the Commonwealth Government sought from the Government of New South Wales in relation to this visit.

Mr Howard—I am advised that the answer to the honourable member’s question is as follows:

(1) 22 January 2007

(2) There is a well established practice of inter-jurisdictional co-operation which applied in this instance including support from a range of relevant state agencies.

Queen Elizabeth II: Private Gift
(Question No. 5470)

Mr Tanner asked the Minister representing the Minister for Finance and Administration, in writing, on 26 February 2007:

In respect of the Cabinet’s decision to fund the construction of a horse-drawn coach to be given as a private gift to the Queen and the associated payment of $250,000 to Mr Jim Frecklington: (a) under which (i) program and (ii) Budget outcome was the funding provided; (b) what scrutiny of the project occurred prior to the funding approval decision; (c) at what stage was the project when the funding approval decision was made; and (d) in what capacity did Mr Frecklington receive the funding.

Mr Howard—I am advised that the answer to the honourable member’s question is as follows:

(a) (i) Payment was made from the State Occasions and Official Visits Programme.

(ii) The funding was provided under Output Group 4 – Support Services for Government Operations.

(b) The project was the subject of Cabinet consideration, based on a request from Mr Frecklington and knowledge of his prior experience and expertise in this area.

(c) The project was at a very advanced stage when the funding approval decision was made.

(d) Mr Frecklington received the funding in his capacity as a private individual.

Sydney (Kingsford Smith) Airport
(Question No. 5514)

Mr Murphy asked the Minister representing the Minister for Justice and Customs, in writing, on 1 March 2007:

(1) Further to the reply to question No. 3942, did the Minister tell the Daily Telegraph on 7 April 2006 that “in one instance we believe there may have been some human involvement” in relation to CCTV cameras in the baggage make-up area at Sydney International Airport that were found to be pointing in the wrong direction and/or out of focus.

(2) In the Minister’s reply to Part (4) of question No. 3391 (Hansard, 9 August 2006, page 161), did the Minister state that the Australian Customs Service does not have a record of any impropriety in the baggage make-up area at Sydney International Airport.
(3) Why will the Minister not reconcile the apparent conflict between the comments made to the Daily Telegraph and the reply to Part (4) of question No. 3391.

Mr Ruddock—The Minister for Justice and Customs has provided the following answer to the honourable member’s question:

(1) Refer to answer to Question on Notice 3942. There is nothing further to add.
(2) Refer to answer to Question on Notice 3391. There is nothing further to add.
(3) There is nothing further to add.

Tasmania: Rail Infrastructure
(Question No. 5720)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, in writing, on 9 May 2007:

Further to his response to question No. 5583 concerning the former Australian National Rail System, (a) what capital expenditure to the value of $20 million was undertaken as part of the condition of sale by Australian Transport Network Limited (ATN) and (b) in accordance with the conditions stipulated in the Sale Agreement, did all existing rail lines remain operational.

Mr Vaile—The answer to the honourable member’s question is as follows:

(a) Records indicate that Australian Transport Network Limited (ATN) undertook capital expenditure of $34 695 000 within four years of the completion date of the sale (i.e., by November 2001). The breakdown of expenditure is as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Locomotives and Rollingstock</td>
<td>21 264 000</td>
</tr>
<tr>
<td>Track Infrastructure</td>
<td>12 131 000</td>
</tr>
<tr>
<td>Buildings and Workshop Plant/Equipment</td>
<td>1 029 000</td>
</tr>
<tr>
<td>Other listed categories</td>
<td>271 000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34 695 000</strong></td>
</tr>
</tbody>
</table>

(b) There is no record on file of any railway line closures during the five years from the completion date.